

<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 20 April 2016
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

## AGENDA

### Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 5 - 10*)

To receive the minutes of the meeting held on 23<sup>rd</sup> March, 2016.

3. Actions Arising From the Previous Meetings (*Pages 11 - 12*)

The Committee will receive a report detailing action taken and arising from previous meetings of the Committee.

### Items for Discussion/Decision

4. Internal Audit Quarterly Report 2015/16 - Quarter Ended 31st March, 2016 (*Pages 13 - 30*)

The Head of Internal Audit will submit a report providing a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work to the end of March, 2016.

5. Corporate Anti-Fraud Team Progress Report (*Pages 31 - 36*)

The Head of Internal Audit will submit a report providing an overview of the work of the Corporate Anti-Fraud Team for the period 1<sup>st</sup> October, 2015 to 31<sup>st</sup> March, 2016.

6. Strategic Risk Register - Full Review March 2016 (*Pages 37 - 66*)

The Director of Finance, Assets and Information Services will submit a report presenting a draft report to be submitted to Cabinet on the 18<sup>th</sup> May, 2016 on a review of the Strategic Risk Register undertaken in March, 2016.

7. Annual Governance Review Process 2015/16 (*Pages 67 - 80*)

The Service Director Finance will submit a report providing the Committee with an update regarding the revised Annual Governance Review Process that has been determined for 2015/16 which will be used to influence and assist in the preparation of the Council's statutory Annual Governance Statement for 2015/16.

8. Risk Management Framework Review (*Pages 81 - 96*)

The Service Director Finance will submit a report providing the Committee with assurance that, following review, the Risk Management Framework remains fit for purpose prior to the Framework being considered and approved by Cabinet.

## Items for Information

9. The Council's Revised Minimum Revenue Provision (MRP) Policy (*Pages 97 - 108*)

The Director of Finance, Assets and Information Services will submit a report prefacing a submitted to Cabinet on the 24<sup>th</sup> February, 2016 on the rationale behind the Council changing its MRP Policy which was approved by Council on the 31<sup>st</sup> March, 2016.

10. Reserves and Balances Update - January 2016 (*Pages 109 - 114*)

Further to Minute 58 of the previous meeting held on the 23<sup>rd</sup> March, 2016, the Director of Finance, Assets and Information Services will submit a report updating the Committee of the reserves position as at January, 2016.

11. Auditor Appointments Beyond 1st April 2017 (*Pages 115 - 116*)

The Director of Finance, Assets and Information Services will submit a report providing an update on the process for the appointment of auditor beyond 1<sup>st</sup> April, 2017.

12. External Audit - Annual Audit Fee 2016/17 (*Pages 117 - 124*)

The External Auditor will present the Annual Audit Fee Letter for 2016/17.

13. Audit Committee Work Plan 2016/17 (*Pages 125 - 126*)

The Committee will receive the indicative Audit Committee Work Plan for 2016/17.

To: Chair and Members of Audit Committee:-

Councillors Richardson (Chair), Barnard, Clements and Griffin; together with Independent members Ms K Armitage, Ms D Brown, Mr M Marks, Mr P Johnson and Mr S Gill

Diana Terris, Chief Executive  
All Executive Directors  
Andrew Frosdick, Director Legal and Governance  
Frances Foster, Director Finance, Assets and Information Services  
Rob Winter, Head of Internal Audit  
Neil Copley, Service Director Finance  
Ian Rooth, Head of Technical Services  
Adrian Hunt, Risk Management Manager  
Michael Potter, Service Director Organisation and Workforce Improvement  
Julie Winham, Senior Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on 01226 773451 or email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk)

Tuesday, 12 April 2016

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<b>MEETING:</b>	Audit Committee
<b>DATE:</b>	Wednesday, 23 March 2016
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	Reception Room, Barnsley Town Hall

**Present** Councillors Richardson (Chair), Barnard and Clements together with Independent Members - Ms K Armitage, Ms D Brown, Mr M Marks, Mr P Johnson and Mr S Gill

## 49. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of pecuniary or non pecuniary interest from Members in respect of items on the agenda.

## 50. MINUTES

The minutes of the meeting held on 20<sup>th</sup> January 2016 were taken as read and signed by the Chair as a correct record.

## 51. ACTIONS ARISING FROM THE PREVIOUS MEETINGS

The Head of Internal Audit submitted a report detailing actions taken and arising from previous meetings of the Committee.

**RESOLVED** that the report be noted.

## 52. INTERNAL AUDIT CHARTER AND STRATEGY

The Head of Internal Audit submitted a report prefacing the annually reviewed and revised Internal Audit Charter and Strategy. It was explained that there is a requirement to review the strategy annually and that this is a generic charter and strategy. There are no significant changes other than it is now more explicit regarding the delivery of the function in line with the risk profile of client organisations, linked to financial pressures. The service constantly strives to ensure that management are supported in the correct way using a 'right first time' approach. As the risk profile of the Council changes in the medium and long term it will be essential to ensure that the right resources are in place to deliver that work. This will be reviewed and monitored. It was highlighted that last year's relationship with organisations and services has been reflected upon. Effective face to face communication with Managers is essential rather than relying on email communication.

The Audit Committee considered the Internal Audit Charter and Strategy and raised a number of questions.

A member referred to client organisations who receive an internal audit functions and queried if providing this level of service was a significant drain on resources. Reassurances were given that the external income generated more than covers costs and has paid for Council savings in past years. Furthermore, the 18 FTE staff

have the capacity and flexibility to deliver this level of service to external organisations whilst also fulfilling the Council's requirements. If extra capacity was needed a recruitment exercise would be undertaken. Organisations such as the Police have their own mechanisms to investigate potential fraud although the Corporate Anti-Fraud Team (CAFT) can act in an advisory capacity.

A query was raised regarding the difference between the audit work undertaken on behalf of the South Yorkshire Police Chief Constable and the South Yorkshire Police and Crime Commissioner. It was explained that there is a slightly artificial distinction between the two bodies but that each is required to produce an annual governance statement and statement of accounts. Both bodies use the same internal auditor and have the same audit committee and will in the future be managed as a whole.

A Member asked if the changing balance of work as schools convert to academies would lead to a significant loss of work and associated risk to the function. It was reported that there will be no loss of work as schools comprise only a small percentage of audit work. However, this could be an opportunity to develop a marketing strategy to offer internal audit services to schools using the function's existing expertise and experience. Similarly, the amount of work carried out for the Sheffield City Region (SCR) is small at the moment but is likely to increase in the future.

It was explained that the impact of budget changes and future pressures is closely monitored to ensure that resources are adequate to provide an effective service. The level of financial resources available governs the number of people and days which can be applied to the audit function. If less resources are available a risk based approach is used. The views of External Audit have been sought regarding level of resources but there is no formula to determine this. The service provided is of high quality, competitively priced and in line with other local authorities. Further opportunities to work for external organisations are explored.

A query was raised regarding the Corporate Anti-Fraud Team (CAFT) 600 allocated days. It was explained that this focussed on the needs of the Council, although the service could be provided to external clients if required. The Police and Fire Service have their own internal mechanisms for dealing with fraud, although the CAFT can act in an advisory capacity.

Members were satisfied that the Internal Audit Charter and Strategy adequately represented and described the function and that the delivery of the Strategy provided the assurances the Committee require from Internal Audit regarding the effectiveness of the function.

**RESOLVED:**

- (i) That the report be noted.

**53. CORPORATE ANTI-FRAUD TEAM 2016/17 PLAN AND STRATEGY**

The Head of Internal Audit submitted a report detailing the support provided to the Council by the Corporate Anti-Fraud Team together with an updated Corporate Anti-Fraud Team Strategy and a summary of the proposed counter fraud plan for 2016-17.

It was explained that the key aim of the strategy is to ensure that public funds entrusted to the Council are protected against fraud and loss based on the three key themes of Acknowledge, Prevent and Pursue. Recent successes include an additional £333,256 of Council Tax income through removal of fraudulent Single Person Discounts together with identification of £136,000 of overpayments via the National Fraud initiative data matching exercise.

Members were assured that the CAFT will not focus solely on citizen fraud but will also focus on corporate fraud, including value for money, invoices etc. Staff will need to be trained to detect fraud, particularly within Berneslai Homes. The current level of fraud is not known as the Audit Commission previously collated this information. Benchmarking data will now be collected.

**RESOLVED:**

- (i) That the CAFT plan 2016/17 and supporting strategy is agreed, acknowledging the need for the Head of Internal Audit to exercise his professional judgement during the year to apply the plan flexibly, allowing for planned proactive/detective days to be diverted to reactive investigation work as required.
- (ii) that the Audit Committee receive quarterly monitoring reports from the HoIA to demonstrate progress against the plan including information where the plan has materially varied from the original plan.

**54. PUBLIC SECTOR INTERNAL AUDIT STANDARDS - EXTERNAL COMPLIANCE ASSESSMENT 2016**

The Executive Director Finance, Assets and Information Services submitted a report detailing the recent external assessment of the Internal Audit arrangements for BMBC against the Public Sector Internal Audit Standards (PSIAS).

Mark St Romaine IPFA from Bradford City Council, who carried out the review, was welcomed to the meeting and gave an overview of the assessment. He explained that Barnsley Council Internal Audit Services 'generally conforms' to the Public Sector Internal Audit Standards and Code of Ethics, which is the top rating within the Standards.

A number of suggested areas for improvement were outlined together with action proposed to address them. It was highlighted that Barnsley issues fewer reports than neighbouring authorities. It was explained that this could be due to a number of reasons, including that some pieces of work do not require a formal report. What is important is the quality of the work taking place, not the number of reports produced.

The review was carried out rigorously and confirmed compliance against the standards.

**RESOLVED**

- (i) that the content of the report be noted, and that;
- (ii) Internal Audit staff and Mark St Romaine be thanked for the professional manner in which the review was conducted

**55. REVIEW OF THE AUDIT COMMITTEE WORKSHOP AND DRAFT ACTION PLAN**

The Executive Director of Finance, Assets and Information and the Executive Director of Legal and Governance submitted a joint report regarding the updated action plan, as requested by the Committee at its meeting on 20<sup>th</sup> January 2016 for consideration by the Audit Committee. It was noted that some returns for items 'a' and 'b' are still awaited and that items 'h', 'l', 'j' and 'l' are due to be implemented for the new Municipal year.

**RESOLVED:**

- (i) That the report be noted and agreed and that;
- (ii) the Audit Committee receive regular reports on progress.

**56. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE**

Ms C Partridge, Director (KPMG) and Ms L Wild, Manager, (KPMG) were welcomed to the meeting and provided the Audit Committee with an external audit progress and technical update, detailing progress in delivering their responsibilities as external auditors whilst also highlighting the main technical issues currently impacting on local government. No concerns have been raised. It was reported that the interim report will come back to the Audit Committee once value for money planning stages have been completed. A Member noted that fees have reduced by 25% but was assured that as this was built in 3 years ago, this will have no impact on coverage and a high quality audit opinion will still be provided. If any significant issues were found, a further additional fee would be requested in accordance with Public Sector Audit Appointments.

**RESOLVED:**

- (i) That the report be noted.

**57. EXTERNAL AUDIT PLAN 2015/16**

Ms C Partridge, Director (KPMG) provided the Audit Committee with a copy of the External Audit Plan for 2015/16. The report supplemented the Audit Fee Letter 2015/16. It was highlighted that there are no significant changes to the Code of



Practice on Local Authority Accounting in 2015/16, which provides stability in terms of the accounting standards the Authority needs to comply with. The team had changed but a seamless service was still provided. There are now 3 new sub-criterion in respect of achieving value for money, as set by the National Audit Office for NHS organisation, other Local Authorities and private sector organisation. Consolidation of subsidiaries and Minimum Service Provision have been identified as significant risks. The former, which is not a materiality issue, will be audited and the latter will come to the next Audit Committee meeting.

**RESOLVED:**

- (i) That the report be noted.

**58. EXTERNAL AUDIT - LOCAL GOVERNMENT BUDGET SURVEY**

KPMG provided the Audit Committee with a copy of the Local Government Budget Survey, published in February 2016. The report provides the results of the survey responses along with a brief analysis of the highlights, including extra information provided by audit teams where appropriate and possible questions that Members may wish to consider in the context of their own organisations.

It was highlighted that this is a very useful document which is being used by Barnsley as a 'check and challenge'

**RESOLVED:**

- (i) That the KPMG representatives be thanked for their attendance and contribution, and
- (ii) That any comments are fed back to KPMG directly or through Frances Foster, and
- (iii) That Members note that the issue of reserves (question 12) will be brought to the next meeting.

**59. AUDIT COMMITTEE WORK PLAN 2015/16**

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings for 2016/17 municipal year, up to and including the meeting scheduled for 18<sup>th</sup> January 2017. The Chair felt that a 1 hour training session should take place prior to the meetings on the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> months to look at an issue in detail (3 p.m. start) and that the 4<sup>th</sup> meeting should be a full training day.

**RESOLVED**

- (i) That Members agree the core work plan for meetings of the Audit Committee, which will be reviewed on a regular basis, and

- (ii) That Members give thought to future training topics which could be included in the training programme.

## **60. EXCLUSION OF THE PUBLIC AND PRESS**

### **RESOLVED:**

- (i) That the Public and Press be excluded from this meeting during the consideration of the following item because of the likely disclosure of exempt information as defined by Paragraph 7 of Part I of Schedule 12A of the Local Government Act 1972 as amended.

## **61. INTERNAL AUDIT PLAN 2016/17**

The Head of Internal Audit submitted a copy of the Internal Audit Plan 2016/17 to the Audit Committee. The report detailed the indicative Internal Audit plan for the Council for 2016/17 which had been compiled in accordance with the Public Sector Internal Audit Standards (PSIAS).

The report indicated that the overall level of resources remained similar to last year and had been developed through extensive consultation and the HoIA indicated that input from SMT and others had been excellent.

The Audit Committee acknowledged the need for the HoIA to exercise his professional judgement during the year to apply the Plan flexibly according to priority, risk and resources available.

### **RESOLVED:**

- (i) That the report be agreed, and
- (ii) That the Audit Committee receive quarterly monitoring reports from the Head of Internal Audit to demonstrate progress against the plan, including information where the Plan has materially varied from the original plan.

.....  
Chair

**AUDIT COMMITTEE – 20<sup>th</sup> April, 2016**

**ACTIONS ARISING FROM MEETINGS OF THE AUDIT COMMITTEE**

<b>Date of Meeting</b>	<b>Agenda Ref</b>	<b>Subject</b>	<b>Details of Actions Arising</b>	<b>Person Responsible</b>	<b>Status / Response</b>
25 <sup>th</sup> March, 2015	7	Treasury Policy and Strategy Statements 2014/15	To receive a report on the rationale behind the MRP options contained within Appendix E within the context of the current financial climate	Service Director Finance	To be considered at a meeting following a review and determination of a way forward – 20 <sup>th</sup> April 2016
22 <sup>nd</sup> April, 2015	4	Internal Audit Quarterly Report – quarter ended 31 <sup>st</sup> March, 2015	To receive a report on benchmarking the performance of the Service with neighbouring authorities	Head of Internal Audit	Report to be submitted 8 <sup>th</sup> June 2016
22 <sup>nd</sup> July, 2015	5	Draft 2014/15 Statement of Accounts	To receive a breakdown of the percentage of debt on a year by year basis	Director of Finance, Assets and Information Services	Report to be submitted 20 <sup>th</sup> April 2016
22 <sup>nd</sup> July, 2015	6	Draft Annual Governance Statement 2014/15	To receive a report on the multi agency approach to safeguarding and the creation by the Police of multi-agency hubs	Chief Executive, Director of Legal and Governance, Director of Finance, Assets and Information Services	To be built into the Future Work Plan when invitations are sent to ‘external witnesses/speakers’
23 <sup>rd</sup> March,	10	External Audit – Local	To receive a report on the use of reserves	Director of Finance,	Report to be submitted 20 <sup>th</sup> April, 2016

**AUDIT COMMITTEE – 20<sup>th</sup> April, 2016**

**ACTIONS ARISING FROM MEETINGS OF THE AUDIT COMMITTEE**

<b>Date of Meeting</b>	<b>Agenda Ref</b>	<b>Subject</b>	<b>Details of Actions Arising</b>	<b>Person Responsible</b>	<b>Status / Response</b>
2016		Government Budget Survey		Assets and Information Services	

# Item 4

## Report of the Head of Internal Audit

**AUDIT COMMITTEE – 20<sup>th</sup> APRIL 2016**

**INTERNAL AUDIT QUARTERLY REPORT 2015/16  
QUARTER ENDED 31<sup>st</sup> MARCH 2016**

### **Executive Summary**

1. Issued reports and the Internal Audit work completed during quarter raised two fundamental recommendations. These related to the adequacy of IT change management control processes and compliance failures in relation to the administration of personal budgets / direct payments. (Para. 4.1).
2. The internal control assurance opinion overall however remains adequate based upon the results of the work undertaken during the quarter (Para. 6.1 / Appendix 1).
3. Of the 29 recommendations followed-up, 3 (10%) had been implemented by the original target date and a further 15 (52%) had been implemented after the original target date. 11 (38%) recommendations remain not implemented and have received revised implementation dates by management. (Para. 4.4).
4. In relation to the Barnsley MBC audit plan, slightly less than the profiled days have been delivered at the end of the fourth quarter (Para.7.7 & Appendix 2).
5. Quarterly performance of the function is generally satisfactory. The PI relating to chargeable time is slightly below profile due to a higher number of special leave and training days and delays in the recruitment of staff. (Para. 8.2 and 8.3 & Appendices 3 & 4).

**AUDIT COMMITTEE – 20<sup>TH</sup> APRIL 2016**

**INTERNAL AUDIT QUARTERLY REPORT 2015/16  
QUARTER ENDED 31<sup>ST</sup> MARCH 2016**

**1. Purpose of Report**

1.1 This report provides the Audit Committee with a comprehensive overview of the key activities and findings of Internal Audit based on the Division's work to the end of March 2016, being the fourth quarter of the 2015/16 audit year. This report provides the Audit Committee with information relevant to its responsibilities within its terms of reference (terms of reference items (a), (b), (h), (i) and (k)).

1.2 The report covers:-

- i. The issues arising from completed Internal Audit work in the quarter (section 4 and Appendix 1);
- ii. Matters that have required investigation (section 5);
- iii. An opinion on the ongoing overall assurance Internal Audit is able to provide based on the work undertaken regarding the adequacy and effectiveness of the Authority's internal control environment (section 6);
- iv. Progress on the delivery of the Internal Audit Plan for the period to the end of the fourth quarter of 2015/16 year (section 7 and Appendix 2);
- v. Details of Internal Audit's performance for the quarter utilising performance indicators (section 8 and Appendices 3 and 4).

**2. Recommendations**

**2.1 It is recommended that the Audit Committee:-**

- i. consider the issues arising from completed Internal Audit work in the third quarter along with the responses received from management;**
- ii. note the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period to the end of March 2016 of the 2015/16 audit year;**
- iii. note the progress against the Internal Audit plan for 2015/16 for the period to the end of March 2016; and**
- iv. Consider the performance of the Internal Audit Division for the fourth quarter.**

### **3. Introduction / Background**

- 3.1 Internal Audit is a key contributor to the assurances the Audit Committee requires regarding the adequacy and effectiveness of the internal control, risk and governance environment of the Authority. That assurance is provided through planned work and responding to urgent matters and changes in priority and risk. It is important that all Internal Audit activities are undertaken with due regard to risk and the risk issues prevailing at the time.
- 3.2 In order to fulfil its responsibilities the Audit Committee needs to be satisfied that the Internal Audit Division is undertaking its work as planned, responding appropriately to client demands, operating to the required professional standards and obtaining the necessary responses from management following Internal Audit work.
- 3.3 In accordance with statutory best practice provided by the Public Sector Internal Audit Standards, there is a requirement that the Head of the Internal Audit function prepares an annual report to the appropriate member body. This requirement is best supported through regular reports during the year, providing, amongst other things, ongoing assurances on the adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.4 For the Authority, the appropriate member body is the Audit Committee.

### **4. Key Issues Arising From Internal Audit Work in the Quarter Ended 31<sup>st</sup> March 2016**

- 4.1 Internal Audit work undertaken during the quarter identified two fundamental recommendations. These related to the adequacy of IT change management control processes and compliance failures in relation to the established framework of controls in respect of the administration of personal budgets / direct payments.
- 4.2 It should be noted, that in the process of agreeing a final report, senior officers respond to specific recommendations by identifying relevant actions and agreeing responsible managers and timescales for implementation.

#### **Follow-Up of Report Recommendations**

- 4.3 The following protocol is applied to the follow-up of recommendations in audit reports:
- all fundamental and significant recommendations irrespective of the assurance opinion;
  - all recommendations contained within the annual core financial system audit reports and;
  - reports containing a significant number of merits attention recommendations giving rise to a negative assurance opinion.
- 4.4 Table 1A identifies the total number of reports analysed by the assurance opinion given and the total number of recommendations made.

Table 1B shows the number of recommendations followed-up in the quarter. Of the 29 recommendations followed-up, 3 (10%) had been implemented by the

original target date and a further 15 (52%) had been implemented after the original target date. 11 (38%) recommendations remain not implemented and have received revised implementation dates by management.

- 4.5 Internal Audit continues to get very good co-operation from management and as such is able to closely monitor any implications that may arise from a delay in the implementation of management action. However, it should be noted that a significant number of recommendations have not been implemented until after the original target date i.e. 52%. Internal Audit is working closely with management to monitor this situation and will report to the Audit Committee should any concerns be raised due to any change of implementation date.
- 4.6 As part of the 2016/17 planning process the criteria and process in respect of the follow-up of audit report recommendations will be reviewed and the Audit Committee will receive information in this regard at a future meeting.

## **5. Fraud, Investigations and the Corporate Anti-Fraud Team**

- 5.1 A separate report will be provided to the Audit Committee covering the detail of fraud and irregularity investigations undertaken, the preventative work and the general activities and work plan of the Corporate Anti-Fraud Team.
- 5.2 The overall assurance opinion takes into account any control issues arising from investigations or anti-fraud work. No issues are required to be brought to the Committee's attention at this time. The detailed Fraud Update report will be presented to the April meeting.

## **6. Head of Internal Audit's Internal Control Assurance Opinion**

- 6.1 Based on the audits reported in the fourth quarter, an overall **adequate** assurance opinion remains appropriate. However, Audit Committee Members should note the fundamental report recommendations and the impact on the system of internal control in those areas.
- 6.2 As referred to above, the number of audit report recommendations not implemented until after the due date at the time of follow-up was relatively high at 52%. The implementation of recommendations is monitored closely to ensure that there are no serious issues or concerns regarding the effectiveness of the control, risk and governance framework arising from the delay or non-implementation of recommendations.
- 6.3 Where control weaknesses have been identified within procedures or in the provision of advice or 'consultancy' services, these have either been resolved with management through the issue of an audit report and/or correspondence or addressed at the time of the audit.
- 6.4 It does however need to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly only reasonable and not absolute assurance is given.
- 6.5 The assurance opinion is supported by the knowledge that the underlying framework of financial and other controls, encompassing the Council's Financial Regulations, various codes of practice, procedures and other financial



governance arrangements, periodically reviewed by both Internal and External Audit, are appropriate and working satisfactorily.

- 6.6 The general context and impact of the significant savings and service changes that have been implemented arising from Future Council form a core element of Internal Audit work planning to ensure that the control, risk and governance framework remains adequate and effective.

## **7. Internal Audit Plan 2015/16 - Progress to the end of March 2016**

- 7.1 Internal Audit utilise a risk-informed approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are considered and covered, where appropriate, by Internal Audit work. In turn the annual work programme is planned indicatively across the year. This enables quarterly monitoring of progress against planned work and the utilisation of Audit resources.
- 7.2 It is however important to recognise and appreciate that whilst a significant proportion of audit work is planned, there are many 'external' factors that can and do impact on precisely when pieces of work are actually undertaken and completed and indeed their detailed scope. For this reason the monitoring of the audit plan in each quarter can only provide an indicative picture of progress overall. Individual jobs are monitored on a job-by-job and week-by-week basis utilising the Division's computerised management system.
- 7.3 Appendix 2 shows the progress of the plan up to the end of March 2016, analysed by Directorate / Service.
- 7.4 Adjustments are made to the days allocated to particular jobs on an on-going basis and so there is naturally only a minor variance between the actual days and those planned. Given the risk basis and responsive nature of audit work, the Audit Committee should be particularly interested in the overall deployment of audit resources rather than necessarily where those resources have been spent.
- 7.5 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency.
- 7.6 The following audit has been deferred, as agreed in conjunction with management:

<b>Directorate / Service</b>	<b>Audit Assignment Title</b>
Legal and Governance	Business Trading Units
People	Governance Review

- 7.7 The position at the end of the last quarter for the audit days allocated to BMBC shows 33 days below profile (1.6%). In overall terms there is a shortfall of 263 days (7.4%). This is due to a combination of more days being spent than budgeted on training, undertaking council wide/corporate activities and the impact of delays in recruiting to vacant posts.

## **8. Internal Audit Function and Performance**

- 8.1 The Division uses a range of performance indicators to monitor operational efficiency. A list of the performance indicators (PIs) for 2015/16 is attached at Appendix 3.
- 8.2 The performance indicators for the fourth quarter are generally satisfactory at this point of the year. The chargeable time indicator is slightly below target but this is due in the main to difficulties / delays in the recruitment of staff and the number of training days being higher than expected.
- 8.3 The analysis of the more detailed feedback received following each audit job is shown in Appendix 4. For the fourth quarter of the year, at the point of preparing this report 3 feedback sheets have been received out of the 4 final reports issued. All feedback received has been noted as very good or good.
- 8.4 The recruitment exercise to fill the Senior Auditor and Auditor positions resulted in the appointment of an Auditor. The Auditor took up their role on the 15<sup>th</sup> February 2016. The Senior Auditor position remains vacant and will be re-advertised in April.

## **9. Local Area Implications**

- 9.1 There are no Local Area Implications arising from this report.

## **10. Consultations**

- 10.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.
- 10.2 No specific consultation has been necessary in the preparation of this quarterly report.

## **11. Compatibility with European Convention on Human Rights**

- 11.1 In the conduct of audit work and investigations particularly, Internal Audit operates under the provisions of the Data Protection Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

## **12. Reduction of Crime and Disorder**

- 12.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made. Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

## **13. Risk Management Considerations**

- 13.1 The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.

13.2 The Division's operational risk register includes the following risks which are relevant to this report:

- Inappropriate use of and management of, information to inform and direct service activities;
- Inability to provide a flexible, high performing and innovative service; and
- Poor levels of customer satisfaction.

All of these risks have been assessed and remain within the tolerance of the Division.

An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

#### **14. Employee Implications**

14.1 There are no employee implications arising from this report.

#### **15. Financial Implications**

15.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function are included within the Authority's base budget.

#### **16. Appendices**

- 16.1 Appendix 1 - Key issues arising from completed Internal Audit work  
Appendix 2 - Internal Audit Plan 2015/16 – Position as at 31<sup>st</sup> March 2016  
Appendix 3 - Internal Audit Performance Indicators for the Quarter Ended 31<sup>st</sup> March 2016  
Appendix 4 - Analysis of Internal Audit feedback for the fourth quarter of 2015/16

#### **17. Background Papers**

17.1 Various Internal and External Audit reports, files and working papers.

**Officer Contact:** Head of Internal Audit

**Telephone No:** 01226 773241

**Date:** 11<sup>th</sup> April 2016

**A: Completed Audits / Final Reports Issued During the Quarter Ending 31<sup>st</sup> March 2016**

**Appendix 1**

**KEY – Recommendations - Fundamental ‘F’ Significant ‘S’ Merits Attention ‘MA’**

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<b>Service / Directorate / Audit Title</b>	<b>Key Issues</b>	<b>Assurance Opinion</b>	<b>No. of Recs.</b>	<b>Date Report Issued</b>	<b>Other Action</b>
Finance, Assets & Information Services: IT Change Controls	The review concluded that the change management and control processes require improvement and assurance could not be provided that IT changes had been correctly recorded, evaluated, authorised and tested. The absence of a performance measurement system has compounded the issue as the extent to which the changes benefited the Council was not known.	<b>Limited</b>	<b>F - 1 S - 8 MA - 0</b>	19.01.16	To follow-up the fundamental and significant report recommendations
Place: Property Investment Fund	Overall the audit has concluded that there is an adequate governance and internal control framework in relation to the Property Investment Fund. Notwithstanding this, the audit has identified a number of areas where this framework may be further improved e.g. the need to ensure key project stages and corresponding decisions are adequately evidenced, in accordance with established project governance protocols.	<b>Adequate</b>	<b>F - 0 S - 2 MA - 6</b>	23.02.16	To follow-up the significant report recommendations
People: Personal Budgets	The audit identified shortfalls in relation to compliance with the established processes and controls. In addition, limited work had been carried out to recover excess monies from service users and delays were identified in issuing recharges to recover money due to the Council.	<b>Limited</b>	<b>F - 1 S - 3 MA - 0</b>	15.03.16	To follow-up the fundamental and significant report recommendations
People: Health & Well Being Board	Overall the audit has concluded that there is an adequate governance and internal control framework in relation to the Health & Wellbeing Board. Notwithstanding this, the audit identified a number of areas where this framework may be further improved, having particular regard for the need to clearly evidence compliance with its statutory obligations, ensure performance management arrangements are sufficiently robust and to ensure risks are managed effectively.	<b>Adequate</b>	<b>F - 0 S - 5 MA - 7</b>	17.02.16	To follow-up the significant report recommendations

<b>Other Completed Work Not Producing a specific Assurance Opinion</b>	
Finance: Duplicate Payments	Following analysis of creditor payment data matches arising from the National Fraud Initiative, recommendations have been made aimed at improving the internal controls framework in respect of the creditor payments process.
Legal and Governance: Charity Accounts	A total of 4 Charity Commission Independent Examiner Returns were completed in respect of Charitable Trusts that the Council is custodian of.
Human Resources: Expense Claims	Advice provided to Human Resources with regards to the revised Corporate Expense Claims Procedures.
People: Trade Account	Advice provided to Barugh Green Primary School regarding the procedures required to establish a trade account with an electrical supplier.
People: Initial Teacher Training Grant	Audit certification of Lacewood Primary School Direct (Salaried) Expenditure - Initial Teacher Training Grant Return for submission to DfE.
Place: Empty Homes Programme	Advice provided to Housing and Energy Service with regard to re-launching the Goldthorpe Clusters of Empty Homes Programme (2016).
Legal & Governance: Licensing Regulatory Board	Advice provided to the Council Governance Section regarding the General Licensing Regulatory Board revised Terms of Reference.
Information Services	Advice provided regarding the contents of the Information Security Incident Reporting Protocol.
Communities: Big Local Trust	Advice provided regarding the governance arrangements in respect of the Big Local Trust.
Barneslai Homes: Housing Rents	Details of the audit will be reported to the Barneslai Homes Audit Committee meeting to be held on the May 2016.
Final Accounts	A total of 9 final accounts submitted by NPS Barnsley Ltd have been audited and returned in order for the final certificates to be issued or with queries that need to be resolved.

<b>Other Work Undertaken</b>	
Follow-up of Recommendations	Regular work undertaken to follow-up recommendations made.
Attendance at Steering / Working Group	Information Governance Board, Commissioning, Procurement & Contracts Working Group.
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding progress of audit work, future planning and general client liaison.
Advice	General advice to services regarding controls, risk or governance matters. Such work often does not require formal reporting but occasionally will escalate into a specific piece of audit work for which a new job will be created.
Audit Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.

## Summary Activity

## All Audit Reports

Assurance Opinion	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Substantial	2 (24%)	0 (0%)	0 (0%)	0	2 (7%)
Adequate	3 (38%)	4 (40%)	3 (43%)	2 (50%)	12 (41%)
Limited	3 (38%)	6 (60%)	4 (57%)	2 (50%)	15 (52%)
None	0 (0%)	0 (0%)	0 (0%)	0	0 (0%)
<b>TOTAL REPORTS</b>	<b>8</b>	<b>10</b>	<b>7</b>	<b>4</b>	<b>29</b>
Opinion Not Applicable	9	10	12	11	42

## Total Recommendations

Number of Recommendations	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative
Fundamental	2 (4%)	3 (5%)	3 (5%)	2 (6%)	10 (5%)
Significant	29 (58%)	25 (47%)	26 (46%)	18 (54%)	98 (51%)
Merits Attention	19 (38%)	26 (48%)	28 (49%)	13 (40%)	86 (44%)
<b>TOTAL</b>	<b>50</b>	<b>54</b>	<b>57</b>	<b>33</b>	<b>194</b>

Table 1B

Recommendations Followed-up by Internal Audit

Quarter 1				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	3	2	0	1
Significant	7	5	2	0
Merits Attention	4	0	3	1
<b>TOTAL</b>	<b>14</b>	<b>7</b>	<b>5</b>	<b>2</b>

Quarter 2				
Recommendation Classification	Followed-up	Completed by due date	Completed after target date	Not yet completed – Revised date agreed
Fundamental	1	0	1	0
Significant	15	12	2	1
Merits Attention	5	1	3	1
<b>TOTAL</b>	<b>21</b>	<b>13</b>	<b>6</b>	<b>2</b>

<b>Quarter 3</b>				
<b>Recommendation Classification</b>	<b>Followed-up</b>	<b>Completed by due date</b>	<b>Completed after target date</b>	<b>Not yet completed – Revised date agreed</b>
<b>Fundamental</b>	4	0	4	0
<b>Significant</b>	32	12	15	5
<b>Merits Attention</b>	5	2	2	1
<b>TOTAL</b>	<b>41</b>	<b>14</b>	<b>21</b>	<b>6</b>

<b>Quarter 4</b>				
<b>Recommendation Classification</b>	<b>Followed-up</b>	<b>Completed by due date</b>	<b>Completed after target date</b>	<b>Not yet completed – Revised date agreed</b>
<b>Fundamental</b>	3	0	0	3
<b>Significant</b>	25	3	15	7
<b>Merits Attention</b>	1	0	0	1
<b>TOTAL</b>	<b>29</b>	<b>3</b>	<b>15</b>	<b>11</b>



## Trend Analysis – Fourth Quarter 2015/16

### Assurance Opinions

	2014/15				2015/16				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014/15	2015/16
	%	%	%	%	%	%	%	%	%	%
Substantial	64	13	50	0	24	0	0	0	44	7
Adequate	36	62	25	100	38	40	43	50	44	41
Limited	0	25	25	0	38	60	57	50	12	52
None	0	0	0	0	0	0	0	0	0	0
	100	100	100	100	100	100	100	100	100	100

### Implementation of Recommendations

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	2014/15				2015/16				Cumulative	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014/15	2015/16
	No.	No.	No.	No.	No.	No.	No.	No.	%	%
Completed by target date	2	2	2	6	7	13	14	3	27	35
Completed after target date	4	6	4	3	5	6	21	15	39	45
Not yet completed–Revised date agreed	0	11	4	0	2	2	6	11	34	20
Total followed up	6	19	10	9	14	21	41	29	100	100
<b>% Completed by Original Target Date</b>	<b>34%</b>	<b>11%</b>	<b>20%</b>	<b>68%</b>	<b>50%</b>	<b>62%</b>	<b>34%</b>	<b>10%</b>		
<b>% Completed at time of Follow-up</b>	<b>100%</b>	<b>42%</b>	<b>60%</b>	<b>100%</b>	<b>86%</b>	<b>90%</b>	<b>86%</b>	<b>62%</b>		

INTERNAL AUDIT PLAN 2015/16 – Position as at 31<sup>st</sup> March 2016

Directorate	Original 2015/16 Plan	Revised 2015/16 Plan	Actual Days
Communities	65	47	46
People	175	140	137
Place	112	161	159
Public Health	39	20	20
Corporate Services:			
➤ HR, Performance & Communications	80	56	45
➤ Legal & Governance	77	105	97
➤ Finance, Assets & Information Services	469	470	463
Council Wide	220	282	310
Contingency	80	36	N/A
Berneslai Homes	133	133	133
<b>Sub Total</b>	<b>1,450</b>	1,450	1,410
Corporate Anti-Fraud Unit	580	580	587
<b>Sub Total</b>	<b>2,030</b>	2,030	1,997
		Profile	2,030
		Variance	-33
<b>External Clients:-</b>			
South Yorkshire Police Chief Constable	472	472	401
South Yorkshire Police and Crime Commissioner	259	259	124
South Yorkshire Fire and Rescue Authority	284	284	278
Sheffield City Region Combined Authority	60	60	64
South Yorkshire Passenger Transport Executive	200	200	210
South Yorkshire Pensions Authority	273	273	241
<b>Sub Total</b>	<b>1,548</b>	1,548	1,318
<b>Total Chargeable Planned Days</b>	<b>3,578</b>	3,578	3,315

## INTERNAL AUDIT PERFORMANCE INDICATORS FOR 2015/16

Ref.	Indicator	Frequency of Report	Target 2015/16	This Period	Year to Date
1.	<b><u>Customer Perspective:</u></b>				
1.1	Percentage of questionnaire received noted “good” or “very good” relating to work concluding with an audit report. (Cumulative 14 very good, 4 good, 1 acceptable and none poor)	Quarterly	95%	100%	95%
2.	<b><u>Business Process Perspective:</u></b>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report. (Cumulative 28/29)	Quarterly	80%	100%	97%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	76%	71%
2.3	Average number of days lost through sickness per FTE (Cumulative 25 days in total)	Quarterly	6 days	<1 day	1.5 days
3.	<b><u>Continuous Improvement Perspective:</u></b>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<b><u>Financial Perspective:</u></b>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Within Budget	Within Budget

## Performance Indicator Definitions and Supporting Information

PI Ref	Indicator	Comments
1.1	Percentage of favourable auditee questionnaire responses received (noted “good” or “very good”) relating to work concluding with an audit report.	Questionnaires are left at the end on each audit job resulting in a formal report. The questionnaire asks 14 specific questions covering the effectiveness of audit planning, communication, timing and quality of the audit report. An overall assessment is sought as to the overall value of the audit. This is the answer used for this PI. All questionnaires are analysed in detail to ensure all aspects of the audit process are monitored and improved.
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	This is an operational PI to ensure the timely issue of final reports. This PI is influenced by the availability of senior Internal Audit staff to clear the report and any issues the Division’s quality assessment process highlights along with the availability of the auditee.
2.2	Percentage of chargeable time against total available.	A key operational measure of the ‘productivity’ of Audit staff taking into account allowances for administration, general management, training and other absences. This PI will reflect the % chargeable time of staff in post, net of vacancies.
2.3	Average number of days lost through sickness per FTE.	A corporate PI to measure the effectiveness of good absence / attendance management.
3.1	Personal development plans for staff completed within the prescribed timetable.	IA place a high level of importance on staff training and continuous development and are committed to ensure all staff have their own training plans derived from the personal development plan process.
4.1	Total Internal Audit costs v budget.	This is a simple overall measure to note whether the Division’s expenditure for the year has been kept within the budget.

### Analysis of Internal Audit Feedback Received in the Fourth Quarter of 2015/16

Number of ticks shown against each question

		Very Good	Good	Acceptable	Poor
<b>A</b>	<b>Audit Planning</b>				
1	Relevance of the audit objectives	(11) 2	(8) 1	(0) 0	(0) 0
<b>B</b>	<b>Communication</b>				
1	Consultation on scope and objectives of the audit	(14) 3	(5) 0	(0) 0	(0) 0
2	Communication during all aspects of the audit	(12) 2	(7) 1	(0) 0	(0) 0
3	Helpfulness co-operation of the auditor(s)	(17) 2	(3) 1	(0) 0	(0) 0
4	Professionalism of the auditor(s)	(16) 2	(3) 1	(0) 0	(0) 0
5	The auditor(s) demonstrated an appreciation of any relevant issues concerning equality and diversity	(11) 1	(3) 2	(0) 0	(0) 0
<b>C</b>	<b>Timing</b>				
1	Duration of the audit	(7) 0	(12) 3	(0) 0	(0) 0
2	Timeliness of the audit report	(10) 1	(8) 2	(1) 0	(0) 0
<b>D</b>	<b>Quality of the audit report</b>				
1	Format and clarity of audit report	(14) 3	(5) 0	(0) 0	(0) 0
2	Accuracy of the findings	(11) 3	(7) 0	(0) 0	(0) 0
3	Relevance of recommendations	(9) 2	(7) 1	(1) 0	(0) 0
4	Overall quality of the report	(12) 3	(5) 0	(0) 0	(0) 0
<b>E</b>	<b>Value of the audit</b>				
1	Basic controls assurance the audit has provided	(14) 3	(4) 0	(1) 0	(0) 0
2	Added value given beyond basic controls assurance	(12) 2	(5) 1	(1) 0	(0) 0
3	<b>Overall value of the audit</b>	<b>(14) 2</b>	<b>(4) 1</b>	<b>(1) 0</b>	<b>(0) 0</b>
		<b>100%</b>			
	<b>Total Number of 'ticks' (A – E)</b>	<b>184</b>	<b>86</b>	<b>1</b>	<b>0</b>
	<b>Percentage</b>	<b>68%</b>	<b>31%</b>	<b>1%</b>	<b>0%</b>
		<b>99%</b>		<b>1%</b>	

**Returned Questionnaires:-**

Quarter 1	6
Quarter 2	5
Quarter 3	5
Quarter 4	3
<b>Total</b>	<b>19</b>

**Auditee Comments (where given) received in the quarter:**

\*\*\*\*

Very timely for me given process we need to introduce and will assist in introducing the changes we need to see through.

\*\*\*\*

The audit re-focused our attention on what we are doing and clarified some areas of concern. I feel that the audit was beneficial and certainly validated what we are doing in a critical area of work, i.e. safeguarding. It has also provided valuable support in evidencing the progress we have made in dealing with concerns raised by the Casey Review into Child Sexual Exploitation in Rotherham.

\*\*\*\*

Audit was understandably process focused, but also need to acknowledge that this initiative was totally new and innovative and so some elements the full consequences were not known in advance. Also need to acknowledge the timescales were very condensed to achieve the results due to senior management pressure which have increased some of the risks. Whilst out sourcing legal support was required and brought commercial expertise there have been later issues that would be easier if this was done in house.

\*\*\*\*

# Item 5

## Report of the Head of Internal Audit

**AUDIT COMMITTEE – 20<sup>TH</sup> APRIL 2016**

### **CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT**

#### **1. Purpose of the Report**

1.1 This report provides the Audit Committee with an account of the work of the Corporate Anti-Fraud Team from 1<sup>st</sup> October 2015 to 31<sup>st</sup> March 2016.

#### **2. Recommendations**

##### **2.1 It is recommended that:-**

- i. The Audit Committee notes the progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption.**
- ii. The Audit Committee continues to receive 6 monthly progress reports on internal and external fraud investigated by the Corporate Anti-Fraud Team.**

#### **3. Background Information**

3.1 The Audit Committee received details of progress in the report presented at the September meeting. This report highlights the further work undertaken and progress in respect of fraud management over the last few months.

#### **4. Council Tax Support Investigations**

4.1 On 1<sup>st</sup> April 2013 Council Tax Benefit (CTB) was replaced by Council Tax Support (CTS). Council tax Benefit was a Social Security benefit and was administered under Social Security legislation whilst CTS is a Council Tax discount administered under the Local Government Finance Act.

4.2 As CTS has only been in legislation for three financial years the levels of fraud identified nationally are still relatively low. CAFT have identified fraudulent council tax support claims of £4,304.61 with additional savings of £2,100.60 identified since April 2015.

NB. The value of the fraud is the total council tax support fraudulently claimed with projected savings upto the end of the current financial year. The savings record the value of the overpayment had the fraud not been identified.

4.3 A summary of the Council Tax Support workload of CAFT for the period 1<sup>st</sup> October 2015 to 31<sup>st</sup> March 2016 is shown below.

Referrals	102
Accepted for investigation	10

- 4.4 A summary of referrals not pursued for investigation is shown in the table below.

<b>Details</b>	<b>No.</b>
Change in circumstance already known - no issue	6
Poor intelligence – not enough evidence to pursue	19
Referred to DWP for investigation	30
No benefit in payment – no issue	2
No evidence of fraud	30
Uneconomical to pursue - CTS adjustment less than £500	5
<b>Total</b>	<b>92</b>

## 5. Council Tax

- 5.1 CAFT have identified fraudulent council tax liability claims of £12,181.74 with additional savings of £951.46 identified since April 2015.

NB. The value of the fraud is the total council tax discount / liability fraudulently claimed / identified with projected savings up to the end of the current financial year. The savings record the value of the overpayment had the fraud not been identified.

- 5.2 Checks undertaken following receipt of an alleged single person discount fraud also suggested that the named individual had not informed the Council of liability for non-domestic rates. Further investigations established that the individual should be made liable for non-domestic rates and an account totalling £1,050.49 was subsequently raised.

- 5.3 A summary of the Council Tax workload of CAFT for the period 1<sup>st</sup> October 2015 to 31<sup>st</sup> March 2016 is shown in the table below.

Referrals	67
Accepted for investigation	16

- 5.4 A summary of referrals not pursued for investigation is shown in the table below.

<b>Details</b>	<b>No.</b>
Change in circumstance already known - no issue	5
Poor intelligence – not enough evidence to pursue	14
No evidence of fraud	32
<b>Total</b>	<b>51</b>

### Review of Single Persons Discount

- 5.5 A pro-active data matching exercise to identify council tax payers fraudulently claiming a single person discount commenced in October 2015. A report providing an update on the review was presented to the Audit Committee in January 2015.



5.6 A total of 6,942 single person discount review letters were issued in respect of discounts which required follow-up. As at 7<sup>th</sup> April, a total of 5,249 taxpayers have completed and returned the review form.

5.7 Of the returned forms:

- 4,317 taxpayers have indicated that they are still entitled to a single person discount;
- 75 responses referred from Datatank for amendment/follow-up are waiting to be processed by the Council;
- 613 single person discounts have been removed following a declaration of a change in household circumstances by the customer;
- 244 accounts have been completed without any effect on the discount e.g. change of name, taxpayer vacated property.

5.8 A number of taxpayers who responded to the review indicated that:

- a second person had 'only just' moved in to the property; and/or
- The previous address of the second person wasn't known.

CAFT have challenged these responses (104) and seventy taxpayers have subsequently confirmed that their declared date of change was incorrect. This has resulted in the discounts being removed from earlier dates and an increase of £20,699 Council Tax income being raised across the identified Council Tax accounts.

5.9 On 11<sup>th</sup> February 2016 the Council's Single Person Discount database was verified against the original 6,942 records identified for follow up. This second verification exercise established that a number of taxpayers had contacted the Council directly to cancel their single person discounts and that other accounts no longer required follow up due to financial records held by the third party credit reference agency being updated.

5.10 The results of the above verification identified that 1,367 taxpayers had neither completed and return the review form or contacted the Council direct. Of these, 658 have CTS implications and these are being dealt with by officers within the Benefits, Taxation and Income Section. The remaining 709 accounts were all cancelled back to 1<sup>st</sup> April 2015.

5.11 Of the 709 discounts cancelled there have been 136 disputes (19%). These have been investigated by CAFT and 105 discounts have been reinstated. The remaining 31 disputes challenged by CAFT have resulted in the discount remaining cancelled.

5.12 The cancellations to date (1,177 accounts) have resulted in an additional £321,947 Council Tax income being raised across the identified Council Tax accounts.

5.13 The review is not yet complete and additional outcomes will continue over the next few months. A further update report will be included in the CAFT Annual Report to the Audit Committee in June.

## **6 Right to Buy (RTB)**

- 6.1 The number of council properties sold through the RTB scheme has risen from 40 in 2011/12 to 130 in 2014/15 following the increased discount (up to a maximum of £77K).
- 6.2 These figures have continued to increase throughout 2015/16 with a total of 319 RTB applications being received, to date, with 148 progressing to completion. This rise increases the risk of fraud and CAFT are assisting the Right to Buy Team to ensure that all new applications are subject to appropriate scrutiny and challenge.
- 6.3 CAFT has undertaken checks against 131 RTB applications as at 24<sup>th</sup> March 2016.
- 6.4 Liaison with the RTB Team and the Council's Enforcement Unit has resulted in two RTB sales being stopped and the properties being recovered due to non-occupancy. One sale was stopped prior to a valuation being carried out and the second resulted in a saving of £27,360 i.e. the value of the discount which would have been applied.

## **7. Corporate Investigations**

- 7.1 Corporate investigations are defined as fraud cases which relate to employee fraud or other third party fraud which does not fall within a specific service area such as council tax or tenancy fraud.
- 7.2 Since 1 April 2015 work in this area has included:
- Advice to managers undertaking management investigations and disciplinary proceedings;
  - Review of the recruitment exercise within an Authority's service;
- 7.3 Work is also continuing on the review and revision of the suite of corporate anti-fraud, corruption and bribery policies, procedures and guidance. This work includes consultation with Human Resources and Legal Services to ensure compatibility with other policies and the statutory provisions around fraud sanctions etc. The Audit Committee will also be consulted on the draft revised documents in due course.

## **8. National Fraud Initiative**

- 8.1 Internal Audit/CAFT co-ordinates the Council's involvement in the National Fraud Initiative (NFI), which is the former Audit Commission's biennial data matching exercise designed to detect fraud and error across the public sector.
- 8.2 The datamatches relating to the 2014-2015 exercise were received at the end of January 2015. Over 3,300 matches have been completed and a further 41 are currently being investigated as at 31<sup>st</sup> March 2016.

8.3 The Authority's data match investigations has identified the following overpayments:

- Personal budgets - £5,247
- Housing Benefit - £884

Note. The Authority is not responsible for investigating possible housing benefit frauds identified through the NFI exercise. CAFT have undertaken a sift of housing benefit datamatches and have referred a number of matches to the DWP's Single Fraud Investigation Service for further investigation.

8.4 The exercise identified potentially 10,225 duplicate creditor payments. CAFT interrogation of these matches identified that 29 payments had been duplicated, totalling £129,748.

## 9. Tenancy Fraud

9.1 Members of CAFT have provided fraud awareness training to officers within Berneslai Homes. As a result of guidance given at the training sessions a number of Berneslai Homes officers have sought advice from CAFT.

9.2 CAFT has subsequently provided a basic investigative support to Berneslai Homes to help identify potential fraudulent tenancies. This support has enabled Berneslai Homes to recover a property which was not being used by the tenant as their main home.

9.3 A summary of alleged tenancy fraud referrals received for investigation in shown in the table below.

<b>Details</b>	<b>No.</b>
Alleged non-residency – not pursued no evidence of fraud	3
Alleged breach of tenancy agreement – not pursued no evidence of fraud	1
Alleged breach of tenancy agreement – referred to Berneslai Homes for investigation	1
Allegation of sub-letting - not pursued no evidence of fraud	1
<b>Total</b>	<b>6</b>

## 10. Financial Implications

10.1 Whilst there are no direct financial implications arising from this report there are inherent financial issues concerning anti-fraud and corruption. An increase in controls may have cost implications, both in terms of additional checks, potentially slowing down service delivery, and computer system changes. Those costs have to be balanced against the risk of loss, whether because of fraud or general inefficiency. Any cost implications arising from the need to introduce additional controls and mitigations will be discussed with management. The emphasis at all times will be to improve controls without increasing costs or jeopardising efficient and compliant service delivery.

## **11. Risk Considerations**

- 11.1 Somewhat obviously, the process prompted by this work is focussed entirely on the effective assessment of fraud risk.
- 11.2 The loss of assets and resources as a result of fraud is included within the Strategic Risk Register. The work of the CAFT is considered in the periodic review of the strategic fraud risk.

**Contact Officer:** Head of Internal Audit and Corporate Anti-Fraud  
**Telephone:** 01226 773241  
**Date:** 11<sup>th</sup> April 2016

**AUDIT COMMITTEE – 20<sup>th</sup> April 2016**

**STRATEGIC RISK REGISTER – Full Review March 2016**

**1. Purpose of the Report**

1.1 This brief covering note presents the draft Cabinet Report for the latest review of the Strategic Risk Register (SRR), which has been programmed for consideration by Cabinet on the 18<sup>th</sup> May 2016.

1.2 This report forms part of the Audit Committee's assurance process where it was agreed that following the completion of each review of the SRR, the Audit Committee considers the latest iteration of the SRR, and where appropriate, provides comment.

**2. Recommendation**

**2.1 It is recommended that the Audit Committee:**

- I. **Considers, and comments accordingly on the outcomes of the recent review of the SRR, in relation to the management, challenge and development of the SRR;**
- II. **Considers whether any further information regarding the SRR review process is required from the Risk and Governance Manager;**
- III. **Considers whether any further information is required from specific Risk Owners, or Risk Mitigation Action Owners regarding the progress towards managing and mitigating SRR risks; and,**
- IV. **Confirms whether the Committee wishes to continue to receive periodic updates as to the progress of the actions taken and their impact on the SRR, or whether the Committee requires a deeper level of assurance that could be provided through the provision of a more detailed or focused report.**

**Contact Officer: Risk and Governance Manager**  
**Telephone: 01226 77 3119**  
**Date: 30<sup>th</sup> March 2016**

**CABINET – 18<sup>th</sup> May 2016**

**STRATEGIC RISK REGISTER – Full Review March 2016**

**1. Purpose of the Report**

- 1.1 The Strategic Risk Register (SRR) contains those high level risks which are considered to be significant potential obstacles to the overall achievement of the Council's corporate objectives.
- 1.2 Like all risk registers, it is important that the SRR remains up to date and is reviewed regularly in order to accurately reflect the most significant risks to the achievement of corporate objectives and facilitate timely and effective mitigations of those risks.
- 1.3 Following a review of the SRR in October 2015, a further review of the SRR was undertaken in March 2016. The outcomes of that review are detailed in the body of this report.

**2. Recommendation**

**2.1 It is recommended that:**

- i. Cabinet confirms that the high level strategic risks articulated within the SRR fully reflect the current position of the Council; and,**
- ii. Cabinet considers the content of this report, and continues to commit to support the Corporate Risk Management process and the embedding of a Risk Management culture within the organisation.**

**3. Introduction and Background**

- 3.1 The Introduction and background to the SRR is now included as Appendix One to this report. This details:
- The context of the SRR in relation to the broader governance arrangements in place;
  - The importance of the SRR in relation to embedding Risk Management within the Council;
  - The management of the SRR;
  - The content of the SRR; and,
  - The review process to ensure the SRR remains a vibrant and dynamic document;

**4. Risk Profile**

- 4.1 The table below sets out the distribution of the SRR risks across the six concern rating classifications:

Risk Concern Rating	Number of Risks (as at Mar 2016)	Percentage (as at Mar 2016)	Number of Risks (as at Oct 2015)	Percentage (as at Oct 2015)
1	0	0%	0	0%
2	3	16%	2	12%
3	7	37%	6	35%
4	8	42%	8	47%
5	1	5%	1	6%
6	0	0%	0	0%
<b>Total</b>	<b>19</b>	<b>100%</b>	<b>17</b>	<b>100%</b>

4.2 The total number of risks logged in the SRR has changed since the last review in October 2015. However, the current review identified one risk (risk 3034 – ‘Failure to deliver the Medium Term Financial Strategy (Failure of the Future Council to be able to deliver the required level of savings)’) that required upgrading from a ‘concern rating’ of ‘4’ (amber) to ‘3’ (amber). This increase relates directly to the uncertainties that remain regarding the impact of the recent Comprehensive Spending Review and Autumn Statement by the Chancellor of the Exchequer in November 2015 and in particular, the potential to impact on future cuts arising from savings yet to be identified from the Chancellors statement in March 2016.

4.3 It has been proposed to remove risk 3030 (‘Failure to be prepared for an emergency response or business continuity threat’) which was a risk that included two discrete elements:

- Uncertainties relating to the Council’s ability to respond to an emergency response as a result of statutory responsibilities arising from the Civil Contingencies Act 2004; and,
- The ability of the Council to respond to emergency events that could effect the ability of the organisation to deliver services in an effective and efficient manner.

Risk 3792 (‘Failure to be prepared to assist in the event of an emergency resilience event in the region’) and risk 3793 (‘Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident’) have been prepared and included in the SRR to provide a clear distinction between the two activities and mitigations being proposed.

4.4 Risk 3794 (‘Failure to influence the governance arrangements underpinning and controlling the emerging City Region Deal Devolution Deal enable an appropriate blend of risk and reward for the Council’) has been developed following a recommendation made at the last review of the SRR in October 2015.

4.5 Details of the average risk category score for the SRR, from the ‘zero-based’ review in March 2013 are detailed below:

	Period						
	Mar 2013	Oct 2013	Feb 2014	Sept 2014	Feb 2015	Oct 2015	Mar 2015
Average Risk Concern Rating	3.70 →	3.47 ↓	3.47 →	3.35 ↓	3.5 ↑	3.47 ↓	3.37 ↓

4.6 The slight variance in the average concern rating is directly attributable to the changes to risk 3034, detailed in section 4.2 of this report and the inclusion of new risks, as detailed in sections 4.3 to 4.4 and 5.3 of this report.

## 5. Outcomes of the March 2016 Review

5.1 The significant outcomes that are detailed in this document focus on:

- Significant / 'Red' Risks; and,
- New / Emerging Risks.

5.2 Significant / 'Red' Risks:

<b>Risk:</b>	<b>Risk Owner:</b>
Risk 3026 – Failure to achieve a reduction in health inequalities within the Borough.	Director of Public Health
<b>Consequences:</b>	
Health inequalities persist. Life expectancy in Barnsley remains well below the national average. Such health inequalities challenge not just the health and social care services but every one interested in the future prosperity and well-being of the borough. <i>For more information, see Appendix Eight.</i>	

As per previous reports, this risk is currently logged as having a 'Concern Rating' of 2. It is important to note that despite this risk having been allocated a 'red' concern rating, it is recognised that population based outcome measures are often slow and difficult to change.

The Risk Mitigation Actions for this risk focus on:

- Developing the Public Health distributed Model to include sector led improvement recommendations;
- Developing the governance arrangements regarding the Public Health Strategy to ensure Service Directors are held to account for public health outcomes vested with Business Units;
- Identification of priority areas regarding the use of the Public Health Grant; and,
- Developing options regarding innovative commissioning and partnership working with the CCG regarding pooled budgets.

<b>Risk:</b>	<b>Risk Owner:</b>
Risk 3792 – Failure to be prepared to assist in the event of an emergency resilience event in the region.	Director, Human Resources, Performance and Communications
<b>Consequences:</b>	
Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on the increasingly limited resources of the HS&ERS to manage and lead on the management of emergency events. <i>For more information see Appendix Eight.</i>	

The Risk Mitigation Actions for this risk focus on:

- Providing SMT with improvement opportunities to consider in terms of resourcing and pump-priming;
- Working with Information Services to assist in identifying IT related business continuity issues within individual Business Units; and,
- Liaison with colleagues within Environment and Transport regarding community flood resilience plans.



<b>Risk:</b>	<b>Risk Owner:</b>
Risk 3793 – Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	Director, Finance, Assets and IS
<b>Consequences:</b>	
In the event of a business continuity threat the Council will be unable to recover in an effective manner resulting in lost time and resources. Inability for customers to be able to access services and a lack of access to IT systems to enable employees to undertake their duties effectively. <i>For more information see Appendix Eight.</i>	

The Risk Mitigation Actions for this risk focus on:

- Working with the Health, Safety and Emergency Resilience Unit to assist in identifying IT related business continuity issues within individual Business Units;
- Formalising and testing plans; and,
- Developing agreements for out of hours support.

### 5.3 New / Emerging Risks:

Details of risk 3792 ('Failure to be prepared to assist in the event of an emergency resilience event in the region') and 3793 ('Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident') are detailed within section 5.2 of this report.

A further new risk was identified during the March 2016 review, as follows:

<b>Risk:</b>	<b>Risk Owner:</b>
Risk 3794 – Failure to influence the governance arrangements underpinning and controlling the emerging City Region Devolution Deal enable an appropriate blend of risk and reward for the Council	Director, Legal and Governance

Further liaison with the Director, Legal and Governance is required to identify appropriate risk mitigation actions for this new risk.

- 5.4 There are no risks logged on the SRR that have improved since the last review of the SRR.
- 5.5 Details of the risks logged on the SRR that have worsened since the last review of the SRR are logged in Appendix Two to this report.
- 5.6 There are no risks logged on the SRR that are proposed to be closed since the last review of the SRR.
- 5.7 Details of all SRR risk concern ratings, including a direction of travel indicator to provide details of the 'trend' of the SRR risk profile are included as Appendix Three to this report.

## 6. Risk Mitigation Actions

- 6.1 Appendix Four details the completed risk mitigation actions following the March 2016 review.

6.2 Appendix Five details those risk mitigation actions that have been allocated a 'red' status following the March 2016 review.

6.3 Appendix Six details those risk mitigation actions that are new following the March 2016 review.

## **7. Other Significant Changes to the SRR**

7.1 Other significant changes to the SRR have been highlighted in bold text, and included within Appendix Seven of this report.

## **8. Assurance**

8.1 This report and the SRR (which is attached to this report as Appendix Seven) itself will be submitted to the Audit Committee at their meeting of 20<sup>th</sup> April 2016, in order to provide assurances that these significant risks are being managed appropriately.

8.2 The Audit Committee have expressed a clear interest in receiving assurance from Cabinet that appropriate challenge and scrutiny of corporate risk management arrangements take place, and engagement with significant risks through reports on the SRR will be a key source of assurance. The Audit Committee will be informed of the outcomes of Cabinet's consideration of the SRR.

## **9. Future Review of the SRR**

9.1 Future review of the SRR are now programmed with other governance related reports such as those relating to Corporate Finance and Performance Management in order for Cabinet to receive and consider these governance related reports as a broad suite of documents.

## **10. Delivering Corporate Plan Ambitions**

10.1 The SRR lists those significant risks which could impact upon the delivery of the Council's priorities and objectives, as set out in the Council's Corporate Plan. Risks within the SRR are directly linked to the Corporate Plan in order to ensure that the register is focused upon those risks which are considered to be significant potential obstacles to the achievement of corporate objectives.

## **11. Risk Management Issues**

11.1 The report focuses on the further development of the SRR and the contribution this will make to the embedding of a risk management culture throughout the Council.

11.2 Failure to develop the SRR will present a significant risk to the successful implementation of the required Risk Management culture within the Council.

## **12. Financial Implications**

12.1 There are no specific financial implications arising directly from this report, although there is often a cost in taking (or not taking) specific action that was identified through the risk management process. Most individual Cabinet Reports have financial implications and so the application of good risk management practices is vital to ensure the most effective use of resources.

**13. Appendices**

<b>Appendix One:</b>	<b>SRR Introduction and Background</b>
<b>Appendix Two:</b>	<b>Worsened SRR Risks</b>
<b>Appendix Three:</b>	<b>Direction of Travel / Trend Report</b>
<b>Appendix Four:</b>	<b>Completed Risk Mitigation Actions</b>
<b>Appendix Five:</b>	<b>'Red' Risk Mitigation Actions</b>
<b>Appendix Six:</b>	<b>New Risk Mitigation Actions</b>
<b>Appendix Seven:</b>	<b>Full SRR as at March 2016</b>

**14. Background Papers**

14.1 Various papers and electronic files and risk registers are available for inspection at the Westgate Plaza One offices of the Council.

**Contact Officer:** Risk and Governance Manager  
**Telephone:** 01226 77 3119  
**Date:** 30<sup>th</sup> March 2016

### 1. Introduction

- 1.1 The embedding of a culture where Risk Management is considered a part of normal business process is crucial to the delivery of the Risk Management Policy and Strategy and the implementation of good governance arrangements.
- 1.2 A robust and dynamic SRR sets the culture and tone for Risk Management across and throughout the Council. The engagement of the Senior Management Team (SMT) in the Risk Management process through their ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture.
- 1.3 The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to Risk Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions).
- 1.4 SMT is also responsible for ensuring that the SRR continues to express those high level risks which have a significant bearing upon the overall achievement of corporate objectives and that they are being appropriately managed.
- 1.5 In order to provide assurances that the SRR is being appropriately managed, reviews of the register are facilitated by the Risk and Governance Manager on a six monthly cycle. The results of these reviews are then presented to the Council's Directorate Risk Champions, and reported to SMT for further consideration and challenge. The outcomes of these processes are then reported to the Audit Committee, and subsequently, Cabinet.
- 1.6 This report provides a summary to Cabinet of the recent review, and highlights specific issues and actions for consideration. This ensures Senior Elected Members are aware of the SRR and can contribute to its development. The consideration of the SRR by Cabinet also contributes towards the role of Elected Members in assisting in the development of strategy and contributing to the identification of high level strategic risks, rather than simply monitoring the management of the Risk Management process.

### 2. Background and Context to the March 2016 Review

- 2.1 The review that has recently been completed is the fifth review of the SRR, which was significantly refreshed, following a 'zero-based' review of the SRR in March 2013.
- 2.2 The current review included:
  - **Consideration of the current expression of the Risk:**  
Risk Owners are encouraged to consider risks in terms of Event > Consequence > Impact, and these are logged within the 'Risk Title' and 'Risk Consequences' fields.
  - **Consideration of links between Corporate Priorities, Outcomes and Risks:**  
Each Risk is clearly linked to a Corporate Priority, and these are logged in the 'Priority' field.

Clear links between Corporate Outcomes and Risks have been identified and logged in the 'Existing Control Measures' field, to demonstrate the relevance of risks to the Council's performance management framework.

▪ **Consideration of the level of 'Concern' for each Risk:**

Clearly, all risks logged in the SRR are significant. A 'traditional' quantitative risk assessment of all SRR risks has been undertaken, and all of the risks logged in the SRR have been assessed as being 'red' due to their high rating in terms of probability and / or impact.

Whilst risk mitigation actions are in place, and efforts are being made to ensure the intended benefits of such risk mitigation actions are realised, the actual positive impact of these mitigations can often be hard to express in terms of the risk assessment itself, and ultimately, what are contextually small positive impacts on such significant risks may simply result in the *maintenance* of the assessment, rather than actually *improving* it.

As part of the 'zero-based' review of the SRR in March 2013, the use of a 'Concern Rating' was implemented. This qualitative assessment gives the Risk Owner, or SMT collectively, the opportunity to consider the following dynamic elements of the risks, rather than focusing on the traditional probability and impact based assessments:

Concern Rating	Description
<b>1 - Red</b>	Little confidence the Risk can be improved; Unachievable Objective; Difficult to Influence; or, Out of Tolerance.
<b>2 - Red</b>	Concern is between Rating 1 and Rating 3.
<b>3 – Amber</b>	Some confidence the risk can be improved; Moderately achievable Objective; Possible to Influence; or, Barley Tolerable.
<b>4 – Amber</b>	Concern is between Rating 3 and Rating 5.
<b>5 – Green</b>	Confident the Risk can be improved; Achievable Objective; Easily Influenced; or, Tolerable.
<b>6 – Green</b>	Concern Rating is less than 5.

▪ **Consideration regarding *existing* Risk Mitigation Actions, as well as consideration of any *new* Risk Mitigation Actions:**

Each risk mitigation action is allocated a red, amber or green rating, on a similar basis as the Risk Concern rating. Risk mitigation action owners are asked to provide an assessment as to the overall progress and achievement of each of these actions. Of note is the fact that some risks may be logged as being 'amber' or in some circumstances, 'red' in terms of the overall 'Concern Rating', but risk mitigation actions may be logged as 'green'. The implication of this is that the actions being taken are on track, but due to factors such as the 'long-tail' nature of some risks, the action may be something that is aimed at *maintaining* the risk, rather than *improving* it.

Similarly, some risks may be logged as having a 'Concern Rating' of 'green', with actions logged as being 'amber' or in some circumstances, 'red'. This reflects that whilst the risk itself may be acceptable, the actions themselves may be less so. In these circumstances, attention should be given to ensuring the action is resourced to ensure it is able to deliver the intended outcomes. This is in addition to the '% complete' field which is included within the register.

- **Consideration of Future Council Activity:**

As part of the current review, SRR Risk Owners were asked to consider the implications of the transition to the Future Council model, in terms of the ownership and positioning of the risk, along with any issues arising that may affect the delivery of risk mitigation actions.

2.3 Consideration was also given during each update meeting with Risk Owners regarding any new or emerging risks that should be considered, or any risk areas that may be developing that could influence the consideration of exiting risks.

**Appendix Two: Worsened SRR Risks**

Risk Number	Risk Name	Reason for Improvement
3034	Failure to deliver the medium Term Financial Strategy ('Failure of the Future Council to deliver the required level of savings')	<p>This increase from a concern rating of '4' (amber) to '3' (amber) relates directly to the uncertainties that remain regarding the impact of the recent Comprehensive Spending Review and Autumn Statement by the Chancellor of the Exchequer in November 2015.</p> <p>The subsequent Local Authority settlement is envisaged to assist in identifying a clearer financial position for the Council.</p>

Appendix Three: Direction of Travel / Trend Report

Risk Number	Risk Title	Mar 2016	Sept 2015	Feb 2015	Sept 2014	Feb 2014	Oct 2013	June 2013
3021	Failure to build the Economy of Barnsley	Closed -	Closed -	Closed -	3 ↕	3 ↕	3 ↕	3 -
3022	Inability to direct Corporate Strategy	3 ↕	3, 2	3 ↕	3 ↕	3 ↕	3 ↕	3 -
3023	Failure to engage with Stakeholders	3 ↕	3 ↕	3 ↑	2 ↓	3 ↕	3 ↕	3 -
3024	Lack of Educational Attainment	3	3 ↓	4 ↕	4 ↕	4 ↕	4 ↑	3 -
3025	Failure to Safeguard Vulnerable Service Users	4 ↕	4 ↕	4 ↕	4 ↕	4 ↕	4 ↕	4 -
3026	Failure to achieve a reduction in health inequalities within the Borough	2 ↕	2 ↕	2 ↕	2 ↕	2 ↕	2 ↕	2 -
3027	Failure to manage Organisational Change ('Risk of destabilisation of the Organisation')	5 ↕	5 ↕	5 ↕	5 ↕	5 ↕	5 ↕	5 -
3028	Workforce planning issues	3 ↕	3 ↕	3 ↕	3 ↕	3 ↕	3 ↓	4 -
3029	Failure to Safeguard Information	4 ↕	4 ↕	4 ↑	3 ↕	3 ↕	3 ↓	4 -
3030	Failure to be prepared for an emergency response or business continuity threat	Closed -	2 ↕	2 ↕	2 ↓	3 ↕	3 ↓	4 -
3031	Strategic Performance, Governance or Compliance failure	4 ↕	4 ↕	4 ↕	4 ↕	4 ↕	4 ↕	4 -
3032	Failure of Partnership Working / Supply Chains	Closed -	Closed -	Closed -	4 ↕	4 ↕	4 ↕	4 ↕
3033	Failure to adapt the Authority into a sustainable organisation ('Failure to maintain current Services)	4 ↕	4 ↕	4 ↑	3 ↕	3 ↕	3 ↓	4 -
3034	Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to be able to deliver the required level of savings')	3 ↓	4 ↓	5 ↕	5 ↕	5 ↕	5 ↕	5 -
3035	Loss of assets and resources as a result of one-off incident of fraud / corruption / bribery or a sustained or widespread occurrence	3 ↕	3 ↕	3 ↕	3 ↓	4 ↕	4 ↓	5 -
3047	Failure to protect the population from preventable health threats	3 ↕	3 ↕	3 ↕	3 ↕	3 ↕	3 ↕	3 -
1630	Equal Pay Claims	Closed -	Closed -	3 ↕	3 ↕	3 ↕	3 ↑	2 -
3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Service Organisation (CSO) Programme	4 ↕	4 ↕	4 -	-	-	-	-
3543	Failure to ensure the adequate supply of land for housing and commercial property growth	4 ↕	4 ↑	3 -	-	-	-	-
3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	4 ↕	4 -	-	-	-	-	-



Risk Number	Risk Title	Mar 2016	Sept 2015	Feb 2015	Sept 2014	Feb 2014	Oct 2013	June 2013
3792	Failure to be prepared to assist in the event of an emergency resilience event in the region	2 -	-	-	-	-	-	-
3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	2 -	-	-	-	-	-	-
3794	Failure to ensure the governance arrangements underpinning and controlling the emerging City Region Deal Devolution Deal enable an appropriate blend of risk and reward for the Council	4 -	-	-	-	-	-	-

**Appendix Four: Completed / Closed Risk Mitigation Actions**

<b>Risk Number</b>	<b>Risk Name</b>	<b>Risk Mitigation Action</b>
3023	Failure to engage with stakeholders	Community Offer now included in Community Wellbeing - to include and bring together Think Family, Anti Poverty and Engagement themes. Need to build infrastructure and governance arrangements.
		Building Community Capacity event in February 2015 - intended to provide support to fledgling companies and assisting in supporting communities to develop. Community Capacity building is part of the VAB contract and this is being reviewed as part of the broader Voluntary Sector Review, which will be undertaken by 'Rocket Science'.
3030	Failure to be prepared for an emergency response or business continuity threat	Review of Corporate Resilience Plan to ensure it remains fit for purpose following FC activity - reinvigoration of Silver Team and options papers being developed for SMT regarding support required to attend and manage incidents
		Seek assurances from Business Units regarding their own business continuity planning and resilience arrangements to ensure they are robust and 'fit' with the Corporate Resilience Plan. Revised BCP template issued Jan 15; H&S audit programme supported by Internal Audit who have undertake specific reviews - performance indicator being developed for inclusion in corporate Performance Reports
		Undertake weekend (minor incident) testing, and undertake annual (major incident) testing of IT resilience - currently mapping priority disaster recovery systems against BMBC Resilience Plans
		Development of a business case to recruit to the Humanitarian Assistance Officer role
		Development of Community Flood Plans - due for completion at end of September 2015 for river Dearne and Dove areas which link to EA flood warnings and will comprise escalating/incremental plans. These will be passed to relevant Area Councils for comment and will provoke further consideration regarding resourcing internally (flood liaison roles) and externally (community flood warden roles)
		Encouraging Ward Alliances to consider and develop Community Resilience Plans - Head of H&S visiting Ward Alliances
3027	Failure to manage organisational change - 'Risk of Destabilisation of the Organisation'	(13) Employee Engagement: 'Tell US What You Think' month (September 2015) with further Employee Survey - analysis and consideration of results and feedback
		(20) Communications: Revised Communications Strategy to be reviewed
3028	Workforce planning issues	(12) Organisational Development: Monitoring OD Strategy via Corporate Plan

Risk Number	Risk Name	Risk Mitigation Action
		with subsequent reports to Scrutiny and FC Board to ensure managers are promoting the correct message regarding FC to employees
3029	Failure to safeguard information	Develop, update and implement new Information Technology / Information Security Polices - once complete will be checked by Information Governance Board and SMT and then will be reviewed as part of AGR process (high level elements complete, low level elements outstanding)
3031	Strategic performance, governance or compliance failure	SMT to review processes relating to approvals and decision making to improve efficiencies - new processes implemented including raising of Officer and Delegated limits and a less rigid process in terms of delegated reports - need to review outcomes in light of new statutory requirement for the recording of Officer decisions which is now included in the 15/16 Internal Audit Plan and AGS Action Plan for 15/16
3033	Failure to adapt the Authority into a sustainable organisation - 'Failure to maintain current services'	Member Talkabout events to assist in improving the understanding of the role of an Elected Member to ensure there is a strong and positive relationship with Officers and a better understanding of community facilitation
3034	Failure to deliver the MTFs - 'Failure of Future Council to achieve the required level of savings'	Financial monitoring (15/16) to ensure delivery is in line with plan
3035	Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or sustained or widespread occurrences	<p>Contribute towards the development of a revised Annual Governance Review to assist in identifying areas of weakness within the Council (15/16) in relation to fraud, corruption and bribery - this area is likely to be included in AGR for 15/16</p> <p>BLT awareness of increased risks 15/16 - to be undertaken to feed into consideration of Fraud and Corruption as part of 15/16 AGR</p> <p>Creation of Corporate Fraud Team within Internal Audit from April 2015. Undertake mid-year review of progress / success</p>
3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Services Organisation Programme (CSO)	<p>Lessons Learned session for Phase One delivery to be arranged to include all relevant stakeholders. Findings will inform plans for delivery of Phase Two and later Phases. Planning for this session is in progress, Board have agreed and are proposing attendees and contributors</p> <p>CSO strategy drafted and due for submission to Cabinet September 2015</p>

**Appendix Five: 'Red' Risk Mitigation Actions**

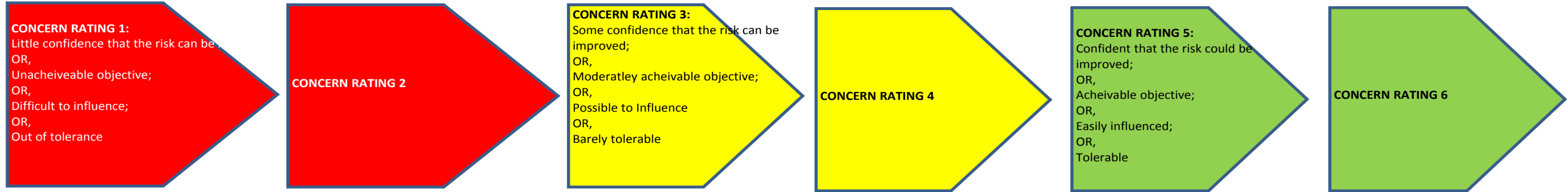
<b>Risk Number</b>	<b>Risk Name</b>	<b>Risk Mitigation Action</b>
3026	Failure to achieve a reduction in health inequalities within the Borough	Investigation into issues raised by CCG regarding pooled budgets and the potential impact on vulnerable groups such as 0-5 services, health visitors and substance misuse services as a result of funding voids - developing options regarding innovative commissioning and partnership working

**Appendix Six: New / Updated Risk Mitigation Actions**

<b>Risk Number</b>	<b>Risk Name</b>	<b>Risk Mitigation Action</b>
3024	Lack of Educational Attainment	Development of SEND strategy to meet the Council's accountability requirements - to be discussed at TEG
		Corporate Parenting Panel - delivery of Service Improvement Plan which is monitored by the Safeguarding Governance Board and reported to Education Steering Group chaired by Cllr Cheetham
3025	Failure to safeguard vulnerable service users	Personalisation - new Target Operating Model (TOM) in place, implementing IA recommendations re Direct Payments, new Brokerage team in place, new CAT Team in place resolving majority of cases and Vulnerable Adults Risk Management Model being embedded
		Refresh of 'Making Safeguarding Personal' programme
3047	Failure to protect the health of the population from preventable health threats	Liaison with Public Health Communicable Disease representative - need to update key plans and report these to the Health Protection Board
3023	Failure to engage with stakeholders	Refresh of Health and Wellbeing Strategy to improve Health and Wellbeing Board governance arrangements
		Review of engagement and participation arrangements as part of the Health and Wellbeing Strategy refresh
3792	Failure to be prepared to assist in the event of an emergency resilience event in the region	Report to SMT which identifies a number of improvements to the Council's emergency resilience arrangements based on analysis undertaken against SOLACE Best Practice
		Top 5 service Business Continuity Plans passed to IS to identify IT implications and requirements
		Await feedback from SD BU 6 following analysis of Community Flood Plans by Head of H&S
3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	Analysis of top 5 service Business Continuity Plans which have been passed to IS to identify IT implications and requirements from H&S - initial analysis undertaken which suggests that the level of detail required is lacking - feeding back to H&SERU
		Undertake weekend (minor incident) testing, and undertake annual (major incident) testing of IT resilience - currently mapping priority disaster recovery systems against BMBC Resilience Plans
		Formalise testing plans that will focus on systems and people / behaviour
		Development of a formalised agreement for out of hours support for areas such as Helpdesk
3027	Failure to manage organisational change - 'Risk of	Consideration of organisational change requirements following the development

Risk Number	Risk Name	Risk Mitigation Action
	Destabilisation of the Organisation'	of the Council's MTFS
		Talkabout sessions being developed for May 2016 with Chief Executive and Leader
		Staff Survey including Employee Preference Questionnaire and changing working patterns (which will be used to assist in the planning for longer term Future Council requirements
		Encouraging the greater use of Social Media for information purposes, and greater use of the Internet for interactive requirements
3028	Workforce Planning issues	Development of Future Council Strategy and Workforce Development Plan to align them to the Corporate Plan to 2018
3031	Strategic performance, governance or compliance failure	Monitoring of AGS Action Plan which includes the improvement requirement regarding the recording of Officer decisions 16/17
3033	Failure to adapt the Authority into a sustainable organisation - 'Failure to maintain current services'	Development of Future Council Strategy and Workforce Development Plan to align them to the Corporate Plan to 2018
		Development of Talkabout sessions for Chief Executive and Leader regarding MTFS, Service and Financial Planning and Business Plans
		Consideration of organisational change requirements following the development of the Council's MTFS
3034	Failure to deliver the MTFS - 'Failure of Future Council to achieve the required level of savings'	Full review of MTFS to be undertaken following Autumn Statement - to ensure relevance, materiality and appropriateness, such as the provision for Care Act implementation, Equal Pay claims and the impact of Digital Region along with assumptions regarding the Council's Capital Programme to feed into 17/18 4 year plan (16/17)
		Monitoring of the situation regarding Business rates which links to the broader discussions regarding the regional devolution deal
3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	Development of processes to enable the support services recharges to be clear and transparent within future bids or tenders that may be made by the trading company

Appendix Seven: Strategic Risk Register - as at 30/03/2016



Risk 'Concern' Rating:  
 The 'assessment' of the risk is based on:  
 - The confidence the Authority has that the Risk can be improved;  
 - The ability of the Authority to be able to achieve the objectives that are linked or implicit within the Risk ;  
 - The ability of the Authority to be able to influence or affect the Risk;  
 - The speed in which the organisation can change its direction and therefore control the velocity of the Risk; and,  
 - The willingness of the Authority to accept or tolerate the Risk

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Sep-14	Feb-15	Oct-15	Mar-16	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
THRIVING AND VIBRANT COMMUNITY	3543	Failure to ensure the adequate supply of land for housing and commercial property growth	<p>There are some important opportunities that Barnsley needs to exploit in order to ensure that it continues to meet its economic growth aspirations. These include the delivery of good quality and affordable housing and a range of commercial property. Underpinning this includes the potential offered through the delivery of superfast broadband, the use of low carbon technology and the scope to improve the area's visitor economy through better operation of its cultural assets (to attract visitors and spend) which will add to the overall viability of such housing and commercial schemes.</p> <p>In order to address the challenges and to maximise these and other opportunities, it will be essential to work in partnership with a variety of stakeholders to deliver a suite of priorities and key interventions, complete major regeneration projects, target both housing growth and business development and growth, and link new and existing jobs more effectively to local people.</p> <p>There are financial pressures making the delivery of the Local Plan difficult, but the positioning in two city regions (Leeds and Sheffield) provides opportunities to identify and maximise funding from these sources.</p>	SMT SMT	<p>Local Plan Working with Sheffield City Region regarding SCRIF funding to facilitate the development of Strategic Business Park infrastructure; Housing Strategy 2014 - 2033 outlines the Council's ambitions for regeneration and building in the region and relies on the Local Development Plan to identify and obtain land, and SCR and LCR to assist in building developments; SY Superfast Broadband programme which is intended to improve the infrastructure in the Borough, to benefit both commercial and residential stakeholders; Property Investment Fund set up to facilitate the identification of land to build speculative developments to aid commercial growth; Enterprising Barnsley schemes focusing on attracting inward investment, investing in infrastructure, growing existing businesses and encouraging higher activity start ups; Skills Plans completed; Other strategies in place include Jobs and Business, Transport and Employment and Skills that aim to make the Borough a thriving and unique place to live, work, visit and trade; Local Plan consultation extended, due to the inclusion of new development sites, and is due to be reported back to Cabinet in September 2015; Positive approach to planning applications for housing on sustainable non-Green Belt sites that are yet to be allocated;</p> <p>Outcomes:                      Create more and better jobs and good business growth (GREEN)</p> <p>Increase skills to get more people working (AMBER)</p> <p>Develop a vibrant Town Centre (AMBER)</p> <p>Strengthen our visitor economy (AMBER)</p> <p>Create more and better housing (AMBER)</p> <p>Protecting the Borough for future generations (AMBER)</p>	n/a	3	4	4	Delivery of 3 year SCRIF programme (2015-18) - J36 BP: Business Plan in place, funding agreement to sign, Tenders ready; J37 BP: Impact Assessment to be submitted May 16, viability work ongoing, pinchpoint scheme completed; Goldthorpe: Impact Assessment approved, awaiting on Local Plan allocation	ED Place	30% Green	30/09/2016	
										Quarterly Developer Forums 16/17	ED Place	0% Green	30/09/2016	
										Progression of Devolution Deal - development of deal, consideration of impacts, strategic planning and governance issues and the duty to engage constructively, actively and on an ongoing basis in relation to planning of sustainable development - BMBC signed Devolution Agreement - to be considered by Full Council in March 2016	ED Place	75% Amber	30/09/2016	
										Development of SCR infrastructure plan - draft due at end of November 2015 - to be considered by SCR Infrastructure Board in March 2016	ED Place	90% Green	30/09/2016	
										Refresh of Local Plan and approval by Cabinet in March 2016 (this will confirm the allocation available for the Goldthorpe scheme)	ED Place	70% Green	30/09/2016	
	3024	Lack of educational attainment	<p>Negative impact on pupils and parents in terms of health, economic, employment and life choices; Negative OFSTED inspection findings; Failure to meet DfE targets for educational attainment; Damage to reputation through poor performance in published league tables compared to the national average, and in poor inspection outcomes; Reputational damage from press; Potential adverse Annual Performance Assessment; Intervention by DfE;</p>	SMT SMT	<p>Performance Management Framework; CYPF Policies and Strategies; Close monitoring of Government grade boundaries to ensure the Authority remains aware of changing or improving performance targets; Barnsley Alliance established and reports to DMT and SMT; Work with the Barnsley Governors Association to ensure strong governance within schools; School Evaluation Team works to monitor, challenge and intervene in schools to improve standards and outcomes; Children and Younger People's Plan 2016 - 19 being refreshed and will be adopted by the TEG and Cabinet; <b>As at April 2016 the gap has narrowed with national Early Years, Primary and Secondary settings; Looked-After children's attainment included as part of central OFSTED inspection; Coporate Parenting role;</b></p> <p>Outcomes:                      Every child attends a good school (AMBER)</p> <p>Early targeted support for those that need it (GREEN)</p>	4	4	3	3	Children and Younger People's Plan 2016 - 2019: Being refreshed to adoption by TEG and Cabinet with aspirational targets	ED People	75% Green	30/09/2016	
										Barnsley Alliance Plan being developed prior to submission to Cabinet	ED People	75% Green	30/09/2016	
										Revised approach to assessing performance in schools developed and now requires embedding	ED People	75% Green	30/09/2016	
										Development of SEND strategy to meet the Council's accountability requirements - to be discussed at TEG	ED People	75% Amber	30/09/2016	

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NTIAL										Corporate Parenting Panel - delivery of Service Improvement Plan which is monitored by the Safeguarding Governance Board and reported to Education Steering Group chaired by Cllr Cheetham	ED People	25% Green	30/09/2016	



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CITIZENS ACHIEVING THEIR POTENTIAL	3025	Failure to safeguard vulnerable service users	<p>The risk of not safeguarding vulnerable children, adults and families who are either known or not known to the service;</p> <p>The risk is greatly enhanced due to a 98% increase in referrals within the Borough in recent years which is affecting the ability to properly manage cases, which could result in a significant case being missed;</p> <p>Changes in demographics mean there are more 'older-older' people which means an increased demand for services;</p> <p>As increased pressure mounts to reduce budgets / spending, there will be a likely increase in demand for assistance, intervention and help from service users who are also under significant financial pressure;</p> <p>Better care at an young age for those with physical or other forms of disability means life expectancy increases which puts further pressure on Adult Services;</p> <p>Arrangements are not sufficient to keep children and young people safe from harm, abuse or neglect;</p> <p>National and local child abuse enquiries affecting public confidence and reputation of local authorities and other agencies;</p> <p>The risk is compounded by whether or not the children at risk are known to the service;</p> <p>The system that delivers to children, young people and families is increasingly complex. Complexity arises from a number of factors; the number of partners with responsibilities for commissioning and/or delivering services to vulnerable children; the changing legislative, policy and financial landscape; the different mechanisms for partnership working to align delivery and test the effectiveness of services; the potential for changes within the workforce at operational levels and strategic levels;</p>	SMT SMT	<p>Adults Safeguarding Board;</p> <p>Barnsley Safeguarding Children Board;</p> <p>Service Delivery Plans / Business Plans;</p> <p>Risk enablement built into Personalisation – management of Personalisation / Personal Care packages that require less regulated services, makes better use of commissioning resources and ensures people are better placed to look after themselves;</p> <p>Service Improvement Plan (Children's) developed to deliver OFSTED Safeguarding Recommendations;</p> <p>Sign-posted Universal Information and Advice;</p> <p>Children's Services Scrutiny Board up and running as at Feb 2014 with workplan in place;</p> <p>Monitoring of Barnsley Safeguarding Children Board and Adults Safeguarding Board Risk Registers;</p> <p>Improved Ofsted judgement;</p> <p>Review of 'Front door';</p> <p>Promotion of use of CAF/Early Help Assessments;</p> <p>Safeguarding Board includes CSE Strategic Group which reports directly to the Safeguarding Board;</p> <p>Opportunities to undertake Lessons Learnt reviews are fully exploited by the Safeguarding Board (including regional and joint learning);</p> <p>Action Plan developed using OFSTED inspection framework;</p> <p>Restructuring for Future Council complete;</p> <p>Stronger Communities Programme in place;</p> <p>Governance arrangements in place which includes the overseeing of the Executive Group being overseen by H&amp;WB Board;</p> <p>Continuous Service Improvement Framework developed;</p> <p>Implementation and management of Personal Budgets programme, including building 'risk-enablement' into services users in place;</p> <p>Analysis of national guidance issued and full review now complete and new operating model is in place;</p> <p>Local Welfare Scheme established;</p> <p><b>Early Help for Adults delivery group in place;</b></p> <p><b>Peer review regarding Early Help completed - Early Help Action Plan monitored through Early Help Strategic Group;</b></p> <p><b>SY Safeguarding Procedures and production of Annual Report;</b></p> <p><b>Performance Quality Management Framework in place;</b></p> <p><b>Member briefings for Children's and Adults;</b></p> <p><b>Implemented IA recommendations regarding Casey improvements;</b></p> <p>Outcomes: Children and Adults are safe from harm (AMBER)</p>	4	4	4	4	(11) Anti Poverty: Anticipating significant impacts following CSR in Autumn 2015; development of a Community Supermarket - reports drafted and partners committed to project. Need to unpick issues regarding Community Asset transfer.	ED Communities	60% Green	31/03/2016	
										(8) Stronger Barnsley Together: Programme infrastructure is to be updated, and will include a different approach, standing down and rationalising some structures and rebranding as 'Community Wellbeing', Actions Plan to be considered by OSC prior to Cabinet in September 2015.	ED Communities	50% Amber	31/03/2016	
										Adults Safeguarding - refreshed Adults Safeguarding Board and effective sub-structures. SY Safeguarding procedures implemented. Recruitment to Board Manager	ED People	90% Green	30/09/2016	
										Personalisation - new Target Operating Model (TOM) in place, implementing IA recommendations re Direct Payments, new Brokerage team in place, new CAT Team in place resolving majority of cases and Vulnerable Adults Risk Management Model being embedded	ED People	90% Green	30/09/2015	
										Consolidation of Adults Social Care peer review Action Plan - reported to Members on progress and outstanding actions	ED People	75% Green	30/09/2016	
										Refresh of 'Making Safeguarding Personal' programme	ED People	10% Green	30/09/2016	

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	3026	Failure to achieve a reduction in Health inequalities within the Borough.	Health inequalities persist. Life expectancy in Barnsley remains well below the national average and varies between different parts of the borough. Although life expectancy has increased, the gap between Barnsley and the rest of the country has continued to widen. Such health inequalities challenge not just the health and social care services but every one interested in the future prosperity and well-being of the borough. It is unacceptable that people's health and quality of life varies so much with the sort of work they do or where they live. The cost of health inequalities is borne not just by health and social care services and, of course, parents, carers and children, but by employers and the local economy. Good health is essential to the borough's economic regeneration. Healthy people are less likely to be socially excluded and more likely to be in work. Healthy children are more likely to do well at school. All the available evidence shows that health is closely associated with people's standard of living, occupation, level of education and where they live - there are significant differences in terms of average life expectancy depending on where in the Borough one resides;	SMT SMT	Director of Public Health in post to provide leadership; Liaison with Clinical Commissioning Group (CCG) and GPs to ensure that the right services are being commissioned; Joint Strategic Needs Assessment (JSNA) undertaken to ensure an appropriate understanding of the requirements of the population of Barnsley; Health and Wellbeing Strategy identifies six key objectives - and within these, it is acknowledged that it is impossible to 'try and do everything' - the objectives and key deliverables identify the significant areas of concern; Oversight of Health and Wellbeing Strategy provided by partnering organisations and agencies that are best placed to deal with the issues (health - hospital, alcohol - police etc); Six-monthly reports to Health and Wellbeing Board; Structure and procedures in place - need to assess impacts / benefits to identify effectiveness; H&WB Board established JSNA undertaken and programme boards now in place; Public Health now integrated into BMBC - Public Health Development Programme established;  Outcomes: People are happier, healthier, independent and active (AMBER)	2	2	2	2	Public Health Strategy and Implementation Plan developed to enable DPH to hold Service Directors to account regarding health outcomes that are now vested with service areas - Strategy developed and presented to SMT, H&WB Board and Cabinet - now developing action plans and key milestones in terms of delivery - 3 key action plans in draft format with developing governance arrangements	Director - Public Health	30% Green	30/09/2016	Revisions to policy - liaise with Leader, PH spokesperson and Chief Executive - consideration of 'call to action'
										Delivery of Public Health 'distributed model' including the monitoring and reviewing of impacts and outcomes on Future Council - distributed model to include sector led improvement recommendations which are to be considered by SMT	Director - Public Health	75% Green	30/09/2016	
										Internal governance and assurance arrangements for the use of the Public Health Grant across the Council are necessary to assure PH England and the Department of Health that the grant is being used to improve public health outcomes - indicators in place and agreed across Directorates. Priority areas for PH grant being identified and developed.	Director - Public Health	75% Green	30/09/2016	
										Investigation into issues raised by CCG regarding pooled budgets and the potential impact on vulnerable groups such as 0-5 services, health visitors and substance misuse services as a result of funding voids - developing options regarding innovative commissioning and partnership working	Director - Public Health	25% Red	30/09/2016	
	3047	Failure to protect the health of the population from preventable health threats.	Failure to protect health and population against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening.	SMT SMT	Liaison with NHS regarding large scale response; Health Protection Agency Framework in place; Maintenance of World Health Organisation targets; Currently Barnsley has above average coverage regarding public health related screening; Use of NHS England website and resources; Health Protection Assurance paper to Cabinet 12/02/2014; Health Protection Board established; Transition into BMBC complete;	3	3	3	3	Monitoring of Health Protection Board (HPB) to ensure any system issues associated with working with CCG and partners are identified and addressed - ongoing discussions with CCG regarding Health Protection arrangements. HPB established - good engagement from partners and proportionate systems are in place. Emerging links with Emergency Planning developing.	Director - Public Health	50% Green	30/09/2016	
										Liaison with Public Health Communicable Disease representative - need to update key plans and report these to the Health Protection Board	Public Health	25% Amber	30/09/2016	
	3023	Failure to engage with stakeholders	Non ability to explain Authority's position and / or public relations. Failure to communicate effectively with community/stakeholders. Lack of proper engagement with stakeholders, at the right level, and at the right time. Loss of confidence in ability to deliver services or respond to problems. Lack of community support which prevents and / or hinders improvement or effective implementation of change. High expectation of service delivery and resource availability despite budget reductions. Poor engagement with regard to Future Council Activity could result in legal challenge;	SMT SMT	Revised Governance Arrangements regarding Area Councils and the changing role of Elected Members; Use of key partners and LSP to coordinate wider communication activity; <b>Review of Community Engagement Strategy borough-wide;</b> <b>Resourcing agreed to support the review and development of the Community Engagement Strategy;</b> <b>Review of approach to engaging with CCG;</b> <b>Increasing use of social media to assist with engagement;</b> <b>Introduction of Barnsley 'Help';</b> <b>Conclusion of voluntary, community and social enterprise infrastructure review;</b>  Outcomes: People volunteering and contributing towards stronger communities (GREEN)	2	3	3	3	<b>Refresh of Health and Wellbeing Strategy to improve Health and Wellbeing Board governance arrangements</b>	ED Communities	10% Amber	30/09/2016	
										<b>Review of engagement and participation arrangements as part of the Health and Wellbeing Strategy refresh</b>	ED Communities	10% Amber	30/09/2016	

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STRONG	3792	Failure to be prepared to assist in the event of an emergency resilience event in the region	Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on H&S&ERU to manage and lead on the management of emergency events; The emerging risk environment is increasingly making continuity or 'resilience' a significant focus for all organisations. Reduced employee numbers, service rationalisation, third party service delivery models and on-going budget cuts may challenge the Authority's ability to fulfil its Civil Contingencies Act 'Category One' responder duties to an extent expected by residents and their political representatives. In addition, the transition to Future Council will lead to established emergency response arrangements no longer reflecting the Council's operational structure. Compounding this is a lack of engagement by employees to volunteer for emergency response duties that will mean that currently expected responses in relation to flooding cannot at present be delivered. The extent of the transition to Future Council necessitates in many cases the complete review of Business Unit and Service Business Continuity Plans to reflect revised structures and resources if they are to be able to continue to deliver critical functions in the event of a business interruption. Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on the increasingly limited resources of the HS&ERS to manage and lead on the management of emergency events.	SMT SMT	Business Unit/Service Business Continuity Plans developed using the template provided; Corporate Resilience Plan and supporting specific plans; Ongoing liaison with SMT regarding aspirations and expectations during emergency events; Formal on-call arrangements by the Health, Safety and Emergency Resilience Service (bronze/operational) and BLT (strategic/gold); Multi-agency working across the Local Resilience Forum; Operational Services role as 'Lead Local Flood Authority'; Corporate emergency plans appear robust and are well delivered - concern raised regarding the management of those incidents that occur 'out-of-hours'; Business Case developed for Humanitarian Assistance role; Ward Alliances encouraged to consider and develop Community Flood plans - Dodworth, Darfield and Penistone visited; Corporate Resilience Plan reviewed following transition to Future Council; Business Unit level plans reviewed with Internal Audit;	n/a	n/a	n/a	2	Report to SMT which identifies a number of improvements to the Council's emergency resilience arrangements based on analysis undertaken against SOLACE Best Practice	ED HR Comms and Performance	25% Green	30/09/2016	
										Top 5 service Business Continuity Plans passed to IS to identify IT implications and requirements	ED HR Comms and Performance	25% Green	30/09/2016	
										Await feedback from SD BU 6 following analysis of Community Flood Plans by Head of H&S	ED HR Comms and Performance	25% Amber	30/09/2016	
	3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	In the event of a business continuity threat the Council will be unable to recover in an effective manner resulting in lost time and resources; Inability to process customer queries resulting in dissatisfaction, complaints and possible issues regarding safeguarding and vulnerable customers; Lack of support to employees such as that provided to lone workers as a result of IT and telephony systems being unavailable for significant lengths of time; Inability for customers to be able to access services; Lack of access to IT system to enable employees to undertake their duties effectively;	SMT SMT	IT restructure completed April 2016 which includes the old TCL function; Working with H&S&ERU; Data Centres located at Beevor Court; Working with Business Units to understand their requirements; Informal testing programme in place;	n/a	n/a	n/a	2	Analysis of top 5 service Business Continuity Plans which have been passed to IS to identify IT implications and requirements from H&S - initial analysis undertaken which suggests that the level of detail required is lacking - feeding back to H&S&ERU	ED Finance Assets and IS	25% Green	30/09/2016	
										Undertake weekend (minor incident) testing, and undertake annual (major incident) testing of IT resilience - currently mapping priority disaster recovery systems against BMBC Resilience Plans	ED Finance Assets and IS	10% Amber	30/09/2016	
										Formalise testing plans that will focus on systems and people / behaviour	ED Finance Assets and IS	0% Amber	30/09/2016	
Development of a formalised agreement for out of hours support for areas such as Helpdesk										ED Finance Assets and IS	0% Amber	30/09/2016		

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	3022	Inability to direct corporate strategy	The Authority may be challenged by internal friction between Elected Members and appointed leadership, especially with regard to challenging decisions with significant political consequences or local repercussions; Increased commissioning activity in 16/17 will mean there is a greater exposure to challenge and friction;	SMT SMT	Council Constitution; Local Code of Corporate Governance; Community Strategy for Bamsley (2011-2015); Corporate Plan; In the event of Constitutional dispute, role of Monitoring Officer to adjudicate as and when tensions arise; Area Council Arrangements in place, with supporting documentation in the form of 'Area Governance Handbook', 'Ward Alliance Governance Handbook', 'Ward Alliance Community Representative Handbook', 'Consulting and Engaging our Communities through Neighbourhood Networks' and 'Working with you to support your Community'; Purple Cabinet meetings used as a forum to discuss sensitive and confidential issues; SMT meetings and processes to ensure leadership is able to keep in touch with regard to pressures; Area Chairs meet each other on a regular basis to ensure cooperation and consensus; Member information session held regarding Conduct and Commissioning; Revisions to Contract Standing Orders (CSOs) to enable flexibility; Officer Working Group in place to support commissioning and procurement activity; Area Council Officer Coordinating Group to unpick issues relating to Area Governance - developing Member Protocol to deal with potential tensions within Ward Alliances in place and working effectively; Area Council Commissioning Group to unpick issues relating to procurement and commissioning in place and working effectively; Area Council Chairperson Group to encourage cooperation and consensus amongst Area Councils in place and working effectively;	3	3	3	3	Monitor and Review Area Council activity (in terms of Area Council Coordinating Group, Area Council Commissioning Group and Area Council Chairperson Group) 16/17	ED Legal and Governance	0% Green	30/09/2016	Refer matter to Monitoring Officer for adjudication.
	3027	Failure to manage organisational change - 'Risk of Destabilisation of the Organisation'	Significant budget cuts are driving the 'Future Council' programme. This change programme is dramatically transforming the organisation's business model. For example, delivering services and outcomes through mixed economy partnerships and outsourced contracts. Infrastructure transformation initiatives, process re-engineering and organisational change programme and projects may be challenged by cost over-runs and failure to meet expectations.	SMT SMT	HR Policies; Council Constitution; Service and Financial Planning Process; Service Delivery Planning Process; Partnership Governance Framework; Corporate Complaints Policy; Risk Management Policy; New Models of Business - departments and services considering and implementing new Trading Models; Changes to Employee Terms and Conditions; Employee Relations Forum with Trade Unions; Talkabouts Sessions with CX and Middle Manager Conference; BLT and SMT sessions to assist in communication; Restructure of Communications Division now with ACE HR, P&P and Comms; Investor in People accreditation; Future Council Steering Group being led by HR; Future Council Programme Board being led by CX; Programme and Project Management issues now being identified and mitigated at Directorate level; 'Excellence' achieved by Corporate Equalities Group; <b>Communications Strategy revised in 2015;</b> <b>'Tell Us What You Think' Month September 2015;</b> <b>All Business Plans in place prior to April 2016;</b>	5	5	5	5	Consideration of organisational change requirements following the development of the Council's MTFS  Talkabout sessions being developed for May 2016 with Chief Executive and Leader  Staff Survey including Employee Preference Questionnaire and changing working patterns (which will be used to assist in the planning for longer term Future Council requirements  Encouraging the greater use of Social Media for information purposes, and greater use of the Internet for interactive requirements	Chief Executive  ED HR Comms and Performance  ED HR Comms and Performance  ED HR Comms and Performance	0% Green  50% Green  50% Green  30% Green	30/09/2016  30/09/2016  30/09/2016  30/09/2016	
	3028	Workforce planning issues	The Authority is currently undergoing tremendous organisational change. This will create significant workforce issues around having the right skills, people and employee capacity. The Authority will require employees to have different skill sets that underpin a transformed business model. Operationally, risks inherent in organisational down-sizing initiatives will include: - Increasing workforce productivity; - Getting the balance right between cost and benefit; - Need to reduce deficit reductions; - Balancing the impact of reducing the workforce and the economic impact on the community; and, - Maintaining morale in the remaining workforce.	SMT SMT	HR Policies; Council Constitution; Equalities and Diversity Policy; Risk Management Policy; Management and monitoring of 'Future Council' / KLoE activity; PULSE Survey to measure progress in key areas since the last full employee survey in 2011; Development of Adobe Forms to assist management processes; As at October 2013 37% of employees benefit from a current PDR; HR Reorganisation completed; As at 31/03/2015 81% of employees benefit from a current PDR; <b>Corporate Plan 2015 - 2018;</b> <b>Organisational Development Strategy monitoring reports to Scrutiny;</b> <b>Regular progress reports against Future Council characteristics to SMT;</b> <b>As at 26/03/2016 65.9% of employees benefit from a current PDR;</b>	3	3	3	3	Development of Future Council Strategy and Workforce Development Plan to align them to the Corporate Plan to 2018	ED HR Comms and Performance	0% Green	30/09/2016	

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	3029	Failure to safeguard information	<p>The Council is increasingly managing, storing and maintaining personal data and information as part of the delivery of services. With data held in a vast array of places and transferring between supply chain partners, it becomes susceptible to loss, protection and privacy risks.</p> <p>Loss of personal and financial information held by Council employees and systems; Financial and non-financial penalties from Information Commissioners Office; Loss of public confidence in the ability of the Council to store sensitive information, possibly resulting in a reduction in the use of public self-service facilities; Failure to maintain Government Connects compliance leading to the suspension of the Councils connection to the government secure network; Non compliance with Data Protection Act and Freedom of Information Act; Non compliance with Payment Card Industry Data Security Standards (PCI DSS) leading to the inability to process payment card transactions; Failure to ensure that unwanted data is cleared and disposed of, leading to non-compliance with DPA requirements; Inability to gather data from other agencies to strengthen and benefit the Authority's activities; Failure to have appropriate data sharing agreements with agencies and partners leading to vicarious liability in the event they lose or misplace sensitive information; Inability to ensure that partners that we share data with are in themselves compliant with appropriate guidance and legislation;</p>	SMT SMT	<p>Information Management and Governance Policies; ACX (Legal and Governance) has taken on the role of Senior Information Risk Officer (SIRO); Information Security and Computer Usage Policy in place; Information Governance Team in place to provide advice, guidance and training; Government Connects Code of Connection compliant; Records Management Team in place to provide advice, guidance and training; Information Governance Board refreshed and re-established and engaged in corporate risk management arrangements; Technical Architect role filled by consultant; Some initial actions have been taken as a result of IT Health Check to control, and restrict access: • Reduced permissions • Deactivated USB ports • Deactivated removable media options • Implemented temporary changes to homeworking solutions. The Authority's core infrastructure has benefitted from: • Patching • Protection. Significant restructure of Information Services complete; Caldicott guardians in place within A&amp;C and CYPF; A&amp;C and Public Health have IG Steering Groups in place; IT Action Plan (2013) completed and delivered; Phase 1 of IG awareness training (via BOLD) completed; Review of technical architecture completed and action plan identified; BMBC Cabinet agreed to endorse the requirement to achieve Baseline Personnel Security Standard (BPSS); IT business plan been through 'Check and Challenge' process; Technical refresh for those officers using third party equipment to enable them to use BMBC apparatus to connect with BMBC network; Information Governance Board confirmed engagement will be undertaken with DMTs to ensure actions arising from the IG Toolkit are completed; IT Business Plan produced and presented to 'check and challenge' session - analysis of other business plans to identify IT requirements and resourcing complete; Passed first phase of PSN compliance; Implementation of EGRESS secure email solution completed; <b>Majority of IG Framework now in place;</b></p>					<p>Phase 2 of Information Security Programme - roll out of guidance and training to partners such as BH, Bull, NPS etc - BH and Bull completed, NPS and Norse in development - phishing training now in place and is mandatory for all employees</p> <p>Programme of activity to assist in achieving Baseline Personnel Security Standard (BPSS) - 2015 round of BPSS compliance included 1500 employees - specification moving - full time developer in place to work on scheme for 6 months</p> <p>Risk based Action Plan developed (following review of IT architecture) being delivered (all 'red' actions complete)</p> <p>Consideration of Cloud based infrastructure (on a case by case basis) to progress and enable a proportionate Electronic Content Management System - paper to SMT approved and Sharepoint is preferred supplier - SMT Sponser (ED Place) confirmed</p>	ED Finance Assets and IS  ED HR Comms and Performance  ED Finance Assets and IS  ED Finance Assets and IS	70% Green  70% Amber  65% Green  10% Green	30/09/2016  30/09/2016  30/09/2016	Enable revisions to infrastructure that will allow limited communications.
	3031	Strategic Performance, governance or compliance failure	<p>Budgetary pressures to minimise back office functions may drive the Authority to downgrade the focus on meeting proper governance standards and ultimately, remaining 'safe'. The implementation of the Area Council Arrangements has required the Council's Constitution to have been significantly reviewed to ensure Area Council governance and Ward Alliance governance issues are included.</p>	SMT SMT	<p>Council Constitution; Local Code of Corporate Governance; Information Management and Governance Policies; ToR for Audit Committee; ToR for Scrutiny Committee; Internal Audit; Risk Management Policy; Performance Management Arrangements including revised Corporate Plan Performance Report and 'We Will Statements'; Terms of reference for all Overview and Scrutiny Committees reviewed; Scrutiny Committee workplans are now aligned to Corporate Priorities; Briefing for Elected Members relating to Performance Management of Area Council activity; Revised AGR process for 14/15; Analysis of Casey Rotherham Safeguarding Report undertaken - report to SMT in February 2015 including recommendations for Internal Audit activity;</p>					<p>Monitoring and reviewing of revised governance arrangements - further review 2014/15 identified positive activity regarding commissioning but at Ward Alliance level, some Members are still doing things in the 'old' way - monitor and review for 16/17 in light of increased commissioning activity at Ward Alliance level in future years</p> <p>Monitoring of AGS Action Plan which includes the improvement requirement regarding the recording of Officer decisions 16/17</p>	ED Legal and Governance  ED Legal and Governance	50% Green  25% Green	30/09/2016  30/09/2016	Refer matter to Audit Committee / External Audit for consideration.



Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Sep-14	Feb-15	Oct-15	Mar-16	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
ONE COUNCIL	3033	Failure to adapt the Authority into a sustainable organisation - 'Failure to maintain current services'	The need to balance the books, gain efficiencies and meet new demands could lead the Authority into drastic measures that could increase long-term risks and costs, both to the organisation as well as to the community. The Authority runs the risk of moving away from addressing problems with long-term solutions, such as capital investment projects essential to meet social and area-based economic challenges. 'Short-termism' could potentially lead to decaying infrastructure and an inability to develop long-term economic vitality.  Need to ensure that the Authority has the right people to ensure sustainable opportunities are being exploited to their maximum.  Development of City Region Devolution Deal which while fiscally neutral, will provide more opportunities to strengthen the sustainability of the organisation by transferring a number of powers and policy levers from central Government to local leaders, including skills, employment, business support, transport and housing;	SMT SMT	Council Constitution; Performance Management Framework; Growing Barnsley's Economy (2012-2033) - Economic Strategy; Customer Services Organisation project; Integrating areas of work and consideration of new Service Delivery models such as traded services or social enterprise; Consideration of joint commissioning opportunities; <b>Two year Medium Term Financial Strategy approved and agreed by Full Council in February 2016;</b> <b>Contract for Leadership and Management training for all 4th tier and above officers agreed with IODA Training completed. Second wave of leadership training underway;</b> <b>Corporate Plan 2015 - 2018 developed;</b> <b>All Business Plans submitted prior to April 2016;</b> <b>Director of Public Health recruited to post – all other Service Director posts are filled, or recruitment is underway;</b>	3	4	4	4	Delivery of new Corporate Plan 2015 - 2018	Chief Executive	25% Green	30/09/2016	
										Development of Future Council Strategy and Workforce Development Plan to align them to the Corporate Plan to 2018	ED HR Comms and Performance	0% Green	30/09/2016	
										Development of Talkabout sessions for Chief Executive and Leader regarding MTFS, Service and Financial Planning and Business Plans	Chief Executive	50% Green	30/09/2016	
										Consideration of organisational change requirements following the development of the Council's MTFS	Chief Executive	0% Green	30/09/2016	
	3034	Failure to deliver the MTFS - 'Failure of Future Council to achieve the required level of savings'	Risks relating to the MTFS fall into two main areas: - Agreeing a three year plan with Directorates and Members; and, - Ensuring delivery against the agreed plan, managing variances and areas of over / under spend to enable the budget to be balanced.  Adverse effect on the Council's reserves / prudential borrowing / Treasury Management activities; Council's reserves falling below minimum working balance levels; Impact on service delivery and council policies; Adverse External Audit report / opinion; Government intervention; Inability to undertake robust planning in terms of Future Council activity; Non-achievement of KLoE savings and consequences on future years programmed or planned savings; Inability to develop and implement a 'Plan B' or contingency plan in the event of further savings being required;	SMT SMT	Budget Monitoring and Reporting; Financial Regulations; Corporate Debt Strategy; SAP / EBP / Financial Systems Procedures; Treasury Management Policy; Forecasting of expenditure and resources; Service Delivery Planning and Service and Financial Planning Processes; Prudential Borrowing Strategy and Indicators; Budgetary Control / Budget Monitoring Processes; Annual Governance Review Framework; Ongoing development of SAP; Management of Assumptions and Constraints within MTFS; Horizon Scanning in terms of changing legislation and policy that may affect MTFS; A range of budget saving options (KLoEs) have been developed and agreed to enable Future Council scenarios for 13/14 and 14/15 to be reflected in 15/16 budget; Asset Management Disposal Report approved by Cabinet; First £15 million of budget savings identified, and agreed by Cabinet (now need to monitor delivery); 2 year financial plan now set - now need to monitor delivery against this; Monitoring of political situation following Election 2015 - Comprehensive Spending Review and Autumn Statement;	5	5	4	3	Use of BPC Business Objects by Executive Directors and Service Directors (16/17)	ED Finance Assets and IS	0% Amber	30/09/2016	Re-negotiate with Cabinet to seek an agreed budget.
										MTFS (16/17) - budget savings agreed, need to refer back to Members for final approval	ED Finance Assets and IS	0% Amber	30/09/2016	
										Financial Monitoring (16/17) to ensure delivery is in line with plan	ED Finance Assets and IS	0% Amber	30/09/2016	
										Full review of MTFS to be undertaken following Autumn Statement - to ensure relevance, materiality and appropriateness, such as the provision for Care Act implementation, Equal Pay claims and the impact of Digital Region along with assumptions regarding the Council's Capital Programme to feed into 17/18 4 year plan (16/17)	ED Finance Assets and IS	0% Amber	30/09/2016	
									Monitoring of the situation regarding Business rates which links to the broader discussions regarding the regional devolution deal	ED Finance Assets and IS	0% Amber	30/09/2016		

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Sep-14	Feb-15	Oct-15	Mar-16	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
	3035	Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or sustained or widespread occurrences.	Occurrence or incidents of sustained and / or widespread and / or one off / big bang occurrence of Fraud and Corruption leading to financial loss, loss of income, property and other assets; Fraudulent transactions, contracts / payments and the like perpetrated by employees and / or third parties; External Audit public interest report; Loss of management time in undertaking investigations, be they 'real' incidents, or vexatious claims; The consequences of this risk will greatly depend on the context of the individual incidents, and will be greatly influenced by both the scale of the incident, and the position of the perpetrator within the Organisation; Negative impact on employee morale either through actual incidents, or suspicions of incidents being perpetrated; Tensions and issues with morale within groups / teams as a result of changes within and to the organisation; Increased opportunities to commit fraud due to management attention being distracted by change programmes and increased workloads; Losses arising from officers not doing their jobs properly, or not expending the amount of effort that may have been normal previously, due to morale and motivation issues; Increased risk of third party IT attacks on BMBC systems such as hacking for personal data, general mischief and disruption or to facilitate the transacting or processing of false documents; Negative impact on BMBCs reputation through the actions of partners and the perception that BMBC could be guilty by association;	SMT SMT	Anti Fraud, Corruption and Bribery Policy which is developed and refined following analysis of the Annual Fraud Risk Self Assessment (FRSA); Anti Money Laundering Policy which is developed and refined following analysis of the FRSA; Whistleblowing Policy which is developed and refined following analysis of the FRSA; Prosecutions Policy in place to ensure the Authority is open regarding censure relating to inappropriate behaviour; Council Constitution; Local Code of Corporate Governance; Member and Officer Codes of Conduct; Police involvement / criminal investigations; Annual Fraud Self Risk Assessment; NFI Data Matching; Membership of NAFN; IT usage policies and procedures; <b>IA for CA and other major organisations;</b> <b>Corporate Fraud Team in place;</b> <b>Fraud and Corruption included in AGR process;</b>	3	3	3	3	A) Develop governance arrangements around Area Councils and Ward Alliances - Audit planned which will cover procurement arrangements 16/17 B) Ensure there is an adequate and appropriate relationship between IA, HR, Legal and the Police to respond to any incident - to be refreshed as part of the establishment of the new BMBC Anti Fraud Team, led by the Corporate Anti-Fraud Team within IA - meeting with HR and SY Police in March 2016 C) Review corporate training programme utilising corporate PDR information and further development of BOLD training D) Fundamental review of all corporate anti-fraud and corruption policies, procedures and guidance as part of the work of the Corporate Fraud Team	ED Legal and Governance  ED Finance Assets and IS  ED Finance Assets and IS  ED Finance Assets and IS	75% Green  25% Green  25% Green	30/09/2016  30/09/2016  30/09/2016	Escalate matter to HR, Police etc. Undertake full systems review of affected area(s).
	3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Services Organisation Programme (CSO)	Leading to... Failure to ensure customers are at the heart of the organisation; Lack of growth regarding our digital service which will be unable to encourage a channel shift in terms of customers interact with the Council resulting in customers not changing their behaviour and not undertaking greater levels of self-service; Unable to resource certain elements of the programme such as ICT technical development to deliver smarter and more efficient processes; Lack of efficient and effective services; Services becoming unsustainable following the Council's journey to Future Council and future financial pressures facing local government; Savings target of £450K to be delivered in 2016/17 (£400K delivered 2015/16 by BensTax service improvements); Directorates / Business Units not embracing the objectives of the agreed Customer Services Design Principles and associated objectives; No 'changing relationship' between the Council and its stakeholders; Issues regarding the capacity and time frame to deliver and concern regarding over promising and under delivering leading to 'work-around' arrangements that are unsustainable;	ED Communities	Responsibility for Programme delivery now aligned to SD Customer Services; BU7 - new structure and resources; Head of Customer Support and Development in place; Business design, IT technical resources agreed; Lessons Learnt from other significant change programmes such as SAP; Phase One and Two completed; Lessons learnt from previous Phases embedded; CSO Strategy approved by Cabinet; Now transitioning to new stage with concept testing being undertaken with will include the consideration of dependencies and enablers, along with a period of redesign and testing; Cabinet Report detailed 'what' can be done, papers being prepared for SMT and CSO Board to detail 'how' the agreed activities will be implemented; New website in place;  Outcomes: Customers can contact us easily and use more services online (AMBER)	n/a	4	4	4	Restructure and consolidation of programme resources into permanent structure completed 01/04/2015 as part of Future Council implementation. Two year fixed term Programme Management resource agreed at Board - to be recruited to support delivery of next phases. IT Projects support to be committed from within wider ICT envelope of resources following transfer of TCL staff back to the Council.  Delivery of CSO Strategy through the adoption of 'customer standards' for in-house and external customers  Seek assurances regarding the review by services / business units as to how they intend to adopt and embed Customer Services activities within their individual business units - business planning cycle now complete - BLT to undertake challenge and identify significant issues that may arise before 2021  Customer Care / Customer Contact training to be provided to employees who have a high level of contact with the public linking to organisational-wide OD training 16/17	ED Communities  ED Communities  ED HR Comms and Performance	50% Amber  10% Amber  30% Amber  0% Green	30/09/2016  30/06/2016  30/09/2016  30/09/2016	

Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Sep-14	Feb-15	Oct-15	Mar-16	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
	3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	Reputational damage if the BMBC is not seen as a good business to trade with; Lost time and wasted resource in setting up the organisation, completing tenders, submissions and other commercial activities; Lost income which may have been used to avoid service cuts in future years resulting in lost jobs and employment opportunities; Legal / compliance failures if commercial / trading arm is not well controlled and governed;	SMT SMT	Trading organisations to date: - HR Services; - ILAHS; - Financial Services / Audit Services BMBC Legal Services providing oversight and advice regarding company constitution; In terms of the availability of commercial and trading skills, it is acknowledged the Council is working from a low starting point; Consideration of new skills in terms of commerciality, trading and innovation within the Future Council structure; <b>Scheduled governance review to assist in determining the effectiveness of existing governance arrangements;</b>	n/a	n/a	4	4	Increase the availability of commercial skills and awareness within BMBC Workforce including the skills and organisational discipline to vet Business Cases	ED HR Comms and Performance	15% Amber	30/09/2016	
										Development of internal control mechanisms to ensure that the correct roles are filled by appropriate employees, that good quality company governance is in place, that information is able to properly flow throughout the organisation and that commercial and financial reporting structures are in place - Director training being arranged for October 2016	Board of Directors	25% Green	30/09/2016	
										Development of shareholder role (SMT and Member / Cabinet level) to ensure the appropriate oversight of the trading / commercial activities is in place	ED HR Comms and Performance	0% Amber	30/09/2016	
										Consideration of pump-priming opportunities to ensure the right resources and infrastructure is in place to sustain meaningful commercial / trading activities	ED Finance Assets and IS	0% Green	30/09/2016	
										Development of processes to enable the support services recharges to be clear and transparent within future bids or tenders that may be made by the trading company	ED Finance Assets and IS	0% Green	30/09/2016	
	3794	Failure to influence the governance arrangements underpinning and controlling the emerging City Region Deal Devolution Deal enable an appropriate blend of risk and reward for the Council	Conflict of interest for a number of Council Services that provide support to internal functions within the Council, as well as external relationships such as Legal Services who provide legal support to the Council and the CA; Increased officer time required to support both organisations; Increased risks regarding project activities, where the CA may be unwilling to underwrite risk on behalf of constituent Councils; Increased reliance of CA funding;	SMT SMT	Development of protocols for dealing with potential conflicts of interest; Escalation of issues through Chief Executives;	n/a	n/a	n/a	4					



Priority	Risk No	Risk Title	Risk Consequences	Risk Owner	Existing Control Measures	Sep-14	Feb-15	Oct-15	Mar-16	Risk Mitigation Action	Owner	% comp	Review Date	Recovery Plan
	3030	Failure to be prepared for an emergency response or business continuity threat	<p>Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on H&amp;S&amp;ERU to manage and lead on the management of emergency events;</p> <p>The emerging risk environment is increasingly making continuity or 'resilience' a significant focus for all organisations. Reduced employee numbers, service rationalisation, third party service delivery models and on-going budget cuts may challenge the Authority's ability to fulfil its Civil Contingencies Act 'Category One' responder duties to an extent expected by residents and their political representatives.</p> <p>In addition, the transition to Future Council will lead to established emergency response arrangements no longer reflecting the Council's operational structure. Compounding this is a lack of engagement by employees to volunteer for emergency response duties that will mean that currently expected responses in relation to flooding cannot at present be delivered. The extent of the transition to Future Council necessitates in many cases the complete review of Business Unit and Service Business Continuity Plans to reflect revised structures and resources if they are to be able to continue to deliver critical functions in the event of a business interruption.</p> <p>This risk also acknowledges the residual risk that remains regarding the Authority's own BCP, as expressed in correspondence with External Audit in 2011:</p> <ul style="list-style-type: none"> <li>• BCPs for Information Systems should be regularly tested;</li> <li>• The Council should perform an annual full test restore for critical systems; and,</li> <li>• The Council should undertake a review of its disaster recovery requirements in conjunction with BULL.</li> </ul> <p>Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on the increasingly limited resources of the HS&amp;ERS to manage and lead on the management of emergency events.</p> <p>Failing to be able to provide support to lone workers as a result of IT and telephony systems being unavailable for significant lengths of time, leaving over 200 HART support workers and Supported Living workers unable to contact the out of hours office. Without appropriate support mechanisms in place, these lone workers are at serious risk of being unable to escalate serious and significant safety and safeguarding concerns to management. Issues relating to the accessibility of IT and telephony for employees working more traditional, regular patterns mean that there is a significant amount of productive time lost as a result of sporadic outages of the IT and telephony within the Authority's main administration bases in WPO and GP. Issues relating to the accessibility of telephony for the public will mean that Central call will be unable to take calls relating to:</p> <ul style="list-style-type: none"> <li>• Highways;</li> <li>• Schools;</li> <li>• School Trips / Emergencies;</li> <li>• Dangerous Structures;</li> <li>• Adults Emergency Duty Team;</li> <li>• NPS Repairs and Maintenance;</li> <li>• Berneslai Homes Repairs and Maintenance; and,</li> <li>• Major Incident line.</li> </ul>	SMT SMT	<p>Business Unit/Service Business Continuity Plans developed using the template provided; Corporate Resilience Plan and supporting specific plans; Ongoing liaison with SMT regarding aspirations and expectations during emergency events; Analysis of AGS and sampling of returns; Formal on-call arrangements by the Health, Safety and Emergency Resilience Service (bronze/operational) and BLT (strategic/gold); Analysis of 'leavers' programmed to identify who is left to be able to step up in the event of an emergency event; Public Health now incorporated into Corporate Resilience Plan; Multi-agency working across the Local Resilience Forum; Operational Services role as 'Lead Local Flood Authority'.</p> <p>Corporate emergency plans appear robust and are well delivered - concern raised regarding the management of those incidents that are not 'significant' but cause disruption nevertheless; Residual risk areas, as expressed in correspondence with External Audit in 2011 will be reviewed in 2015, including:</p> <ul style="list-style-type: none"> <li>• BCPs for Information Systems should be regularly tested;</li> <li>• The Council should perform an annual full test restore for critical systems; and,</li> <li>• The Council should undertake a review of its disaster recovery requirements in conjunction with BULL.</li> </ul> <p>This review will also roadmap issues for resolution following changes to the relationship between the Council and Bull;</p>	2	2	2	n/a	<p>Review of Corporate Resilience Plan to ensure it remains fit for purpose following FC activity - reinvigoration of Silver Team and options papers being developed for SMT regarding support required to attend and manage incidents</p> <p>Seek assurances from Business Units regarding their own business continuity planning and resilience arrangements to ensure they are robust and 'fit' with the Corporate Resilience Plan. Revised BCP template issued Jan 15; H&amp;S audit programme supported by Internal Audit who have undertake specific reviews - performance indicator being developed for inclusion in corporate Performance Reports</p> <p>Undertake weekend (minor incident) testing, and undertake annual (major incident) testing of IT resilience - currently mapping priority disaster recovery systems against BMBC Resilience Plans</p> <p>Development of a business case to recruit to the Humanitarian Assistance Officer role</p> <p>Development of Community Flood Plans - due for completion at end of September 2015 for river Deame and Dove areas which link to EA flood warnings and will comprise escalating/incremental plans. These will be passed to relevant Area Councils for comment and will provoke further consideration regarding resourcing internally (flood liaison roles) and externally (community flood warden roles)</p> <p>Encouraging Ward Alliances to consider and develop Community Resilience Plans - Head of H&amp;S visiting Ward Alliances</p>	ED HR Comms and Performance	0% Red	31/03/2016	
											ED HR Comms and Performance	0% Amber	31/03/2016	
											ED Finance Assets and IS	10% Amber	31/03/2016	
											ED HR Comms and Performance	0% Green	31/03/2016	
											Paul Castle	25% Green	31/03/2016	
											ED HR Comms and Performance	25% Green	31/03/2016	

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#### Audit Committee – 23rd March 2016

#### ANNUAL GOVERNANCE REVIEW PROCESS 2015/16

##### 1. Purpose of Report

- 1.1 The purpose of this report is to provide a the Audit Committee with an update regarding the revised Annual Governance Review (AGR) process that has been determined for 2015/16, which will be used to influence and assist in the preparation of the Council's statutory Annual Governance Statement (AGS) for 2015/16.
- 1.2 The consideration of the Council's governance and assurance framework and the preparation of the AGS are key responsibilities of the Audit Committee.

##### 2. Recommendations

###### 2.1 It is recommended that the Audit Committee notes the following:-

- (i) The revised Annual Governance Review processes for 2015/16;
- (ii) The revised Local Code of Corporate Governance; and,
- (iii) Outputs from the revised Annual Governance Review process for 2015/16 will be reported to the Audit Committee later in 2016, where consideration can be given as to whether the process provides sufficient and suitable evidence and assurances upon which the Audit Committee can refer the Annual Governance Statement for Full Council approval in September.

##### 3. Background – the 'old' AGR Process

- 3.1 The process that has been in use for a number of years in Barnsley was developed with reference to the guidance issued by CIPFA and SOLACE. Essentially, the process comprised the following steps:
- I. Internal Control and Governance Framework (ICGF) Lead Officers reviewed the AGR 'question set';
  - II. Assistant Directors / Heads of Service complete the AGR self assessment;
  - III. The responses detailed in the self assessment were reviewed by the relevant ICGF Lead Officers;
  - IV. The responses detailed in the self assessment were reviewed by the relevant Executive Director / Assistant Chief Executive; and
  - V. The AGS and the associated Action Plan were drafted for consideration by the Audit Committee, prior to submission to full Council.
- 3.2 During 2014, a series of Talkabouts sessions with SMT, a Managers Conference, Future Council 'drop in' sessions and Departmental Management Team meetings identified a number of corporate

processes that were seen as barriers to the Council being able to operate in a more business like manner. Specifically, the AGR process was considered to be:

- Ineffective at identifying governance issues;
- Too process driven; and
- Too time consuming.

3.3 As a result of these views, the Service Director (Finance) was asked to develop a revised process that was more proportionate, streamlined and ultimately, less of a burden for Service Directors to complete. The revised AGR process has therefore been prepared and developed on this basis.

#### **4. The revised AGR Process**

4.1 The revised AGR process has essentially been turned on its head – assurance information will now be provided to Service Directors and they will not be asked to fill anything in. The revised process entails each Service Director receiving assurance information from the Risk and Governance Manager which will contain:

- a. Details of all ‘significant’ and ‘fundamental’ outstanding Internal Audit recommendations that have been made to each Business Unit, along with any updates provided to Internal Audit;  
*This is information that is already in existence, and should be known to each Service Director, and therefore should contain no surprises or ‘new’ information.*
- b. Details of all ‘significant’ and ‘fundamental’ outstanding Themed Internal Audit recommendations;  
*These themed recommendations will be cross cutting in their nature, and will therefore be relevant to the majority of Business Units. It is likely this element of the assurance information being provided to Service Directors will be developed over time, as the Internal Audit Section undertake more themed audit activity in 2015/16.*
- c. Other areas of assurance information that have been identified in liaison with the ICGF Lead Officers, that will be specific for each Business Unit;  
*These will provide an overview of each Business Unit’s compliance with areas of activity and control such as Business Continuity Planning, Procurement, Risk Management etc.*

4.2 Each Service Director will then be asked to confirm receipt of the email to the Risk and Governance Manager. By doing so, each Service Director will be accepting the content of the assurance information, and providing assurances that the actions detailed in the AGR Business Unit Action Plan will be implemented in the documented timescales. Each Service Director will at this stage be able to raise any issues or concerns that were not included in the original email from the Risk and Governance Manager.

4.3 The responses from each Service Director will then be collated, and an overarching assurance document will then be provided to each Executive Director, detailing the assurance responses from their Service Directors.

4.4 The AGS itself, and the associated, overarching AGS Action Plan will then be developed and considered by SMT before being passed to the Audit Committee, and subsequently Full Council in September 2016.

4.5 A presentation which provided an opportunity to reflect on the revised process was delivered to BLT on 20/10/2015. This included the consideration of reconvening the Council's Corporate Assurance Group, who it is envisaged will assist in developing elements of the AGR described in section 4.1 (c) of this report.

4.6 A process map detailing the revised AGR process is attached at Appendix One to this report.

## **6. Local Code of Corporate Governance**

6.1 The local code stands as the overall statement of the Council's corporate governance principles and commitments. It follows the recommended format and largely reflects the suggested wording given that all local authorities have the same governance responsibilities and should therefore share the same principles and commitments.

6.2 There is no requirement for Council's to have a local code and it is therefore discretionary if a Council has one, and what status it is given. The underlying purpose of the code is to demonstrate the Council's commitment to high standards of corporate governance and through the AGR process give the assurance that arrangements are effective.

6.3 The local code is attached at Appendix Two to this report. It is prefaced with an explanation of its purpose, background to corporate governance in local authorities, the recommended framework and our own annual review and reporting process.

6.4 The local code includes six key principles, each exemplified by how the Council will seek to deliver them. The six principles are:

- We will focus on the purpose of the Authority and on outcomes for the community and create and implement a vision for the local area;
- We will ensure Elected Members and officers work together to achieve a common purpose with clearly defined functions and roles;
- We will promote values for the Authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour;
- We will take informed and transparent decisions which are subject to effective scrutiny and consideration of risk;
- We will develop the capacity and capability of Elected Members and officers to be effective; and,
- We will engage with local people and other stakeholders to ensure robust public accountability.

6.5 The local code is reviewed annually, as part of the overall review of the AGR process. Any actions arising from this review will be included in the AGS Action Plan, and monitored through the Audit Committee.

## **7. Appendices**

Appendix 1 – AGR Process 2016

Appendix 2 – Local Code of Corporate Governance

Appendix 3 – Local Code of Corporate Governance (Evidence Framework)

## **8. Background Information**

CIPFA / SOLACE guidance

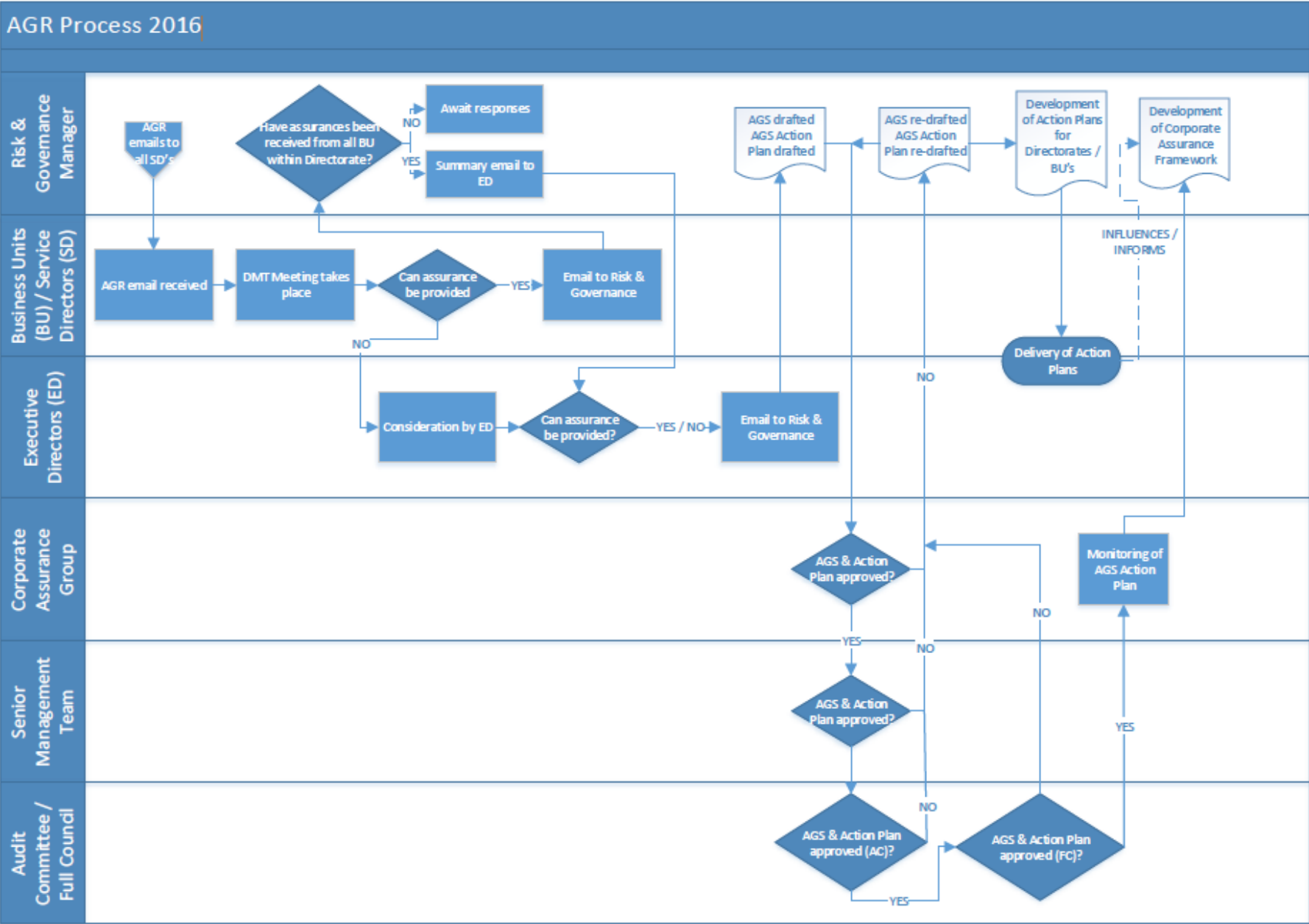
Accounts and Audit Regulations 2011

Annual Governance Statement Framework and supporting documentation

**Contact Officers: Risk and Governance Manager**

**Telephone: 01226 77 3119**

**Date: 3<sup>rd</sup> March 2016**



### BARNSELY METROPOLITAN BOROUGH COUNCIL

#### LOCAL CODE OF CORPORATE GOVERNANCE 2016 / 17

#### 1. Purpose of the Code

1.1 This Code fulfils three purposes:

- I. It sets out what corporate governance is in a local authority context;
- II. It describes the framework and detailed requirements recommended for local authorities to follow; and,
- III. It provides a statement of the principles of good corporate governance, and that Council's commitment to adopt and follow best practice and how it intends to do this, and demonstrate it.

#### 2. What is Corporate Governance?

2.1 Corporate Governance is about the how a local authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

2.2 Governance comprises the systems and processes, cultures and values, by which a local authority is directed, controlled, and through which they account to, engage with and, where appropriate, lead their communities.

2.3 The term 'corporate governance' came into common use in the UK in a private sector company context in 1992, following the publication of the [Cadbury Report](#) that sets out recommendations on the arrangement of company boards and accounting systems to mitigate corporate governance risks and failures. For the public sector, work on corporate governance evolved from this report through the investigations and findings of various committee that looked into corporate governance ([Hampel](#), [Turnbull \(the 'Combined Code'\)](#)) and Standards in Public Life ([Nolan](#), Neil and Wicks et al).

2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), in conjunction with the Audit Commission and the Local Government Association have developed guidance and a framework that are recommended to local authorities to guide them in adopting and demonstrating good corporate governance arrangements.

#### 3. Legislative Background

3.1 Whilst there is no specific duty for a local authority to prepare a local code of corporate governance, changes in Regulation 4(3) of the Accounts and Audit Regulations 2011 have placed a statutory duty on local authorities to prepare an Annual Governance Statement (AGS) in accordance with 'proper practices'.

#### 4. A Local Authority Framework for Corporate Governance

4.1 To underpin the CIPFA / SOLACE framework, three principles have been defined to provide a clear focus for authorities in adopting good governance arrangements:



### **Openness and Inclusivity:**

**Openness** is required to ensure stakeholders have confidence in the decision making and management processes. Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to the effective and timely action, and lends itself to necessary scrutiny.

Openness also requires an **inclusive** approach, which seeks to ensure that all stakeholders (and *potential* stakeholders) have the opportunity to engage effectively with the decision making processes of the authority. It requires an outward focus and a commitment to partnership working and for innovative approaches to consultation and service provision.

### **Integrity:**

**Integrity** comprises both straight forward dealing and completeness. It is based on honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of public funds and the management of the authority's affairs. It is dependent on the effectiveness of the control framework and on the personal standards and professionalism of Elected Members and employees within the authority. It is reflected in the authority's decision making procedures, in its service delivery and the quality of its financial and performance reporting.

### **Accountability:**

**Accountability** is the process whereby the authority, its Elected Members and officers are responsible for their decisions and actions and submit themselves to the appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.

These are in turn overarched by the concept of **leadership**. Leadership is exercised through:

- Through the authority providing a vision for its community, leading by example in its decision making and other processes and actions; and,
- Having Elected Members and officers who conduct themselves in accordance with high standards of conduct.

## **5. The Local Code of Corporate Governance**

5.1 The Council's Local Code of Corporate Governance follows the recommended framework for setting out the *Core Principles* of good governance and the *Commitments* the Council gives to deliver those principles.

## **6. Review and Reporting**

6.1 The Council recognises the importance of good corporate governance in maintaining and enhancing public confidence. It has established a comprehensive process to annually review all aspects of the governance and internal control framework of the Council. This process is applied to prepare the Annual Governance Statement (AGS).

6.2 The AGS is signed by the Leader of the Council and the Chief Executive, having been considered by the Audit Committee and approved alongside the statutory accounts by full Council. This statement summarises the Council's governance framework, the process of annual review and highlights where risk or control issues have been identified and the action necessary to improve or correct the issue. Within this process the Local Code of Corporate Governance will be reviewed and updated as necessary.

6.3 This Local Code of Corporate Governance has been revised following the issue of guidance from CIPFA / SOLACE, as well as changes the authority has made to its own governance and control framework, as part of the journey towards the Future Council in 2015. This Local Code of Corporate Governance has been considered by the Council's Audit Committee, and subsequently approved by Full Council.

## THE LOCAL CODE OF CORPORATE GOVERNANCE

Below are the Core Principles and Commitments the Council is aiming to apply and deliver:

### **Core Principles and Commitments**

**Good Governance means focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area**

**We will do this by:**

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and services users;
- Translating the vision into objectives for the authority and its partnerships and relationships;
- Review the Council's vision and its implications for the authority's governance arrangements; and,
- Measuring the quality of services for stakeholders, to ensure they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money – whether these services are delivered directly, or through partnership or commissioned arrangements.

**Good Governance means Elected Members and officers work together to achieve a common purpose with clearly defined roles and functions**

**We will do this by:**

- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and overview and officer functions, with clear delegation arrangements and protocols for effective communication in respect of authority and partnership arrangements.

**Good Governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

**We will do this by:**

- Developing, communicating and embedding code of conduct and defining the standards of behaviour for Elected Members and employees.

**Good Governance means taking informed and transparent decisions which are subject to effective scrutiny and the consideration of risk**

**We will do this by:**

- Reviewing the effectiveness of the framework for managing risks, and demonstrating clear accountability;
- Reviewing the effectiveness of the Council's decision making framework, including delegation arrangements, decision making in partnership and relationship settings, and the robustness of data quality;
- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained; and,
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that all expenditure is lawful.

## **Core Principles and Commitments**

**Good Governance means developing the capacity and capability of Elected Members and officers to be effective**

**We will do this by:**

- Identifying the development needs of Elected Members and senior officers in relation to their strategic roles, supported by appropriate training.

**Good Governance means engaging with local people and other stakeholders to ensure robust public accountability**

**We will do this by:**

- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation and collaborations;
- Enhancing the accountability for the service delivery and effectiveness of other public service providers; and,
- Incorporating good governance arrangements into partnership and other forms of joint working.

**Appendix Three: Local Code of Corporate Governance  
Evidence Framework**

Core Principles and Commitments	Evidence
<p><b>Good Governance means focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area</b></p>	
<p><b>We will do this by:</b></p>	
<ul style="list-style-type: none"> <li>▪ Identifying and communicating the Council’s vision of its purpose and intended outcomes for citizens and services users;</li> <li>▪ Translating the vision into objectives for the authority and its partnerships and relationships;</li> </ul>	<p><u>Council’s Vision:</u> <i>Working together for a Brighter Future, a Better Barnsley</i></p> <ul style="list-style-type: none"> <li>▪ A Brighter future where people achieve their potential;</li> <li>▪ A Better Barnsley where residents think and feel we are making a difference together; and,</li> <li>▪ Working together with our communities.</li> </ul> <p><u>Council Priorities:</u></p> <ul style="list-style-type: none"> <li>▪ Thriving and vibrant Economy;</li> <li>▪ Citizens achieving their potential;</li> <li>▪ Strong, resilient communities; and,</li> <li>▪ A sustainable Future Council.</li> </ul> <p><u>Future Council Outcomes:</u></p> <ul style="list-style-type: none"> <li>▪ Having a clear vision and values;</li> <li>▪ Being customer focused;</li> <li>▪ Having commercial and business acumen;</li> <li>▪ Using a programme and project management approach;</li> <li>▪ Being innovative and taking managed risks;</li> <li>▪ Being a learning organisation;</li> <li>▪ Having leaders at every level;</li> <li>▪ Having a flexible workforce;</li> <li>▪ Working with partners, communities and residents to achieve our outcomes; and,</li> <li>▪ Being an enabling organisation.</li> </ul> <p>Corporate Plan Community Strategy Partnership Governance Framework Corporate Performance Framework</p>
<ul style="list-style-type: none"> <li>▪ Review the Council’s vision and its implications for the authority’s governance arrangements; and,</li> </ul>	<p>Local Code of Corporate Governance</p> <p>Council’s Vision</p>
<ul style="list-style-type: none"> <li>▪ Measuring the quality of services for stakeholders, to ensure they are delivered in accordance with the authority’s objectives and for ensuring that they represent the best use of resources and value for money –</li> </ul>	<p>Corporate Plan Corporate Performance Framework Service Delivery Plans / Business Unit Plans Partnership Governance Framework Medium Term Financial Strategy Corporate Procurement Strategy and Policy</p>

Core Principles and Commitments	Evidence
whether these services are delivered directly, or through partnership or commissioned arrangements.	Service and Financial Planning Framework
<b>Good Governance means Elected Members and officers work together to achieve a common purpose with clearly defined roles and functions</b>  <b>We will do this by:</b>	
<ul style="list-style-type: none"> <li>▪ Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and overview and officer functions, with clear delegation arrangements and protocols for effective communication in respect of authority and partnership arrangements.</li> </ul>	Council's Constitution Area Council Arrangements Ward Alliance Arrangements Cabinet Report Writing Guidelines Records of decisions made Overview and Scrutiny Committee terms of reference and workplan
<b>Good Governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>  <b>We will do this by:</b>	
<ul style="list-style-type: none"> <li>▪ Developing, communicating and embedding code of conduct and defining the standards of behaviour for Elected Members and employees.</li> </ul>	Elected Member and officer Codes of Conduct Register of Interests Financial Regulations Contract Standing Orders Anti-Fraud and Corruption Policies Anti-Money Laundering Policy Prosecutions Policy Audit Committee
<b>Good Governance means taking informed and transparent decisions which are subject to effective scrutiny and the consideration of risk</b>  <b>We will do this by:</b>	
<ul style="list-style-type: none"> <li>▪ Reviewing the effectiveness of the framework for managing risks, and demonstrating clear accountability;</li> </ul>	Risk Management Framework Financial Regulations
<ul style="list-style-type: none"> <li>▪ Reviewing the effectiveness of the Council's decision making framework, including delegation arrangements, decision making in partnership and relationship settings, and the robustness of data quality;</li> </ul>	Elected Member and officer protocol Elected Member and officer Codes of Conduct Partnership Governance Framework Complaints Policy Data Quality Policy Decision Making Policy Cabinet Report Writing Guidelines Overview and Scrutiny Committee terms of reference and workplan Outputs and outcomes from consultation and engagement activity Audit Committee
<ul style="list-style-type: none"> <li>▪ Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained; and,</li> </ul>	Standing Orders Elected Member and officer Codes of Conduct Financial Regulations Anti-Fraud and Corruption Policies Anti-Money Laundering Policy Prosecutions Policy Budget Monitoring Framework Audit Committee

Core Principles and Commitments	Evidence
<ul style="list-style-type: none"> <li>▪ Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that all expenditure is lawful.</li> </ul>	Monitoring Officer Arrangements Whistleblowing Policy Prosecutions Policy Budget Monitoring Framework Audit Committee
<b>Good Governance means developing the capacity and capability of Elected Members and officers to be effective</b>	
<b>We will do this by:</b>	
<ul style="list-style-type: none"> <li>▪ Identifying the development needs of Elected Members and senior officers in relation to their strategic roles, supported by appropriate training.</li> </ul>	Area Councils Elected Member Development Programme Elected Member job descriptions / profiles Officer Personal Development Plans / review process Workforce Planning Strategy Performance Management Framework Senior Officer Appraisals Officer job description's / profiles
<b>Good Governance means engaging with local people and other stakeholders to ensure robust public accountability</b>	
<b>We will do this by:</b>	
<ul style="list-style-type: none"> <li>▪ Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation and collaborations; and,</li> </ul>	Council Constitution Area Council Arrangements Ward Alliance Arrangements Communications Strategy Council Website Community Surveys Media / press engagement Overview and Scrutiny Committee terms of reference and workplan Partnership Governance Framework Outputs of consultation and engagement events One Barnsley Health and Wellbeing Board Barnsley Economic Partnership Corporate Plan
<ul style="list-style-type: none"> <li>▪ Enhancing the accountability for the service delivery and effectiveness of other public service providers; and,</li> </ul>	Corporate Plan Partnership Governance Framework Corporate Procurement Strategy Service and Financial Planning Framework Budget setting processes
<ul style="list-style-type: none"> <li>▪ Incorporating good governance arrangements into partnership and other forms of joint working.</li> </ul>	Partnership Governance Framework

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# Item 8

## Report of the Service Director (Finance)

**Audit Committee – 20<sup>th</sup> April 2016**

### **RISK MANAGEMENT FRAMEWORK REVIEW**

#### **1. Purpose of Report**

- 1.1 The purpose of this report is to provide assurance to the Audit Committee regarding the Risk Management Framework remaining fit for purpose, prior to the Framework being considered and approved by Cabinet.
- 1.2 It is important that the Risk Management Framework remains up to date in order to accurately reflect the effective and efficient management of risks to the achievement of objectives. This is of particular relevance given the Future Council programme.

#### **2. Recommendations**

##### **2.1 It is recommended that the Audit Committee:-**

- (i) **Considers the assurances regarding the Risk Management Framework remaining fit for purpose; and,**
- (ii) **Subject to changes emanating from the comments of the Committee, that the Risk Management Framework is referred to Cabinet for consideration and approval.**

#### **3. Introduction**

- 3.1 Risk Management is not about eliminating risk or being risk averse, it is about being aware of and managing acceptable risk in the pursuit of agreed objectives. The Risk Management Framework includes the Risk Management Policy Objective Statement and Risk Management Strategy, which sets out how the Council will seek to embed this approach to risk into its normal activities through the ongoing development of a risk management culture.
- 3.2 The Risk Management Framework, including the Risk Management Policy Objective Statement and Risk Management Strategy are also key elements in the implementation of good governance arrangements and form key elements of the Council's Annual Governance Review process.

#### **4. Risk Management Framework**

##### **4.1 The Risk Management Framework contains the following documents:**

- Risk Management Strategy;
- Risk Management Policy Objective Statement;
- Risk Champion Role Description;
- Risk Acceptance Model;
- Risk Challenge Process;
- Cabinet Report Writing Guidance;

- Project and Programme Risk Management Protocol;
- All Member Guidance Note; and,
- Risk Management Training Strategy.

4.2 These documents were all refreshed and updated in 2015, and reported to the Audit Committee at their meeting dated 22<sup>nd</sup> April 2015.

4.3 The most recent review of the Risk Management Framework in 2015 included consideration of any appropriate changes or amendments to the Risk Management Policy objectives. A review of this document has identified no new areas that require inclusion.

4.4 Some minor changes to the Risk Management Framework in terms of updating dates and other metrics will be undertaken to ensure the framework remains fit for purpose. Copies of the current signed Policy Objective Statement and Risk Management Strategy are appended to this report.

## **5. Delivering Corporate Plan Priorities and Future Council Themes**

5.1 The Risk Management Policy Objective Statement and Strategy seeks to ensure that those significant risks which could impact upon the delivery of the Authority's objectives, as set out in the Corporate Plan are appropriately managed in order to minimise the significant potential obstacles to the achievement of corporate objectives. Likewise, the Policy Objective Statement and Strategy is in place to support the consideration of innovative solutions relating to the Future Council Programme.

## **6. Risk Management Issues**

6.1 The report focuses upon the development of the Risk Management Policy Objective Statement and Strategy and the contribution this will make to the embedding of a risk management culture throughout the Council.

## **7. Financial Implications**

7.1 There are no specific financial implications arising directly from this report although there is often a cost in taking (or not taking) specific action identified through the risk management process. Most individual Cabinet reports have financial implications and so the application of good risk management principles as set out in the Policy and Strategy are vital to ensure the most effective use of resources.

## **8. Background Papers**

8.1 Various paper and electronic files which are available for inspection at the Westgate Plaza One offices of the Authority.

**9. Appendices**

**Appendix One: Risk Management Policy Objective Statement**  
**Appendix Two: Risk Management Strategy**

**Contact Officers: Risk and Governance Manager**  
**Telephone: 01226 773241**  
**Date: 11<sup>th</sup> April 2016**

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The Council and its employees are committed to the continuing embedding into corporate business processes and operations risk management activities which intend to maximise opportunity, and minimise uncertainty through the identification and appropriate control of all significant risks which may affect the achievement of corporate objectives.

**Policy Objectives:**


The Council and its employees will seek to achieve the statement above through the following risk management policy objectives:

- To manage risks (and benefits or opportunities arising) in accordance with best practice, through a culture where responsible, informed and controlled risk taking is encouraged, with agreed risk acceptance parameters;
- To respond to new and emerging risks, including risks arising from changes in the economic, financial, social, legislative, compliance, sustainability, technological and environmental requirements;
- To manage risks arising from programmes, projects and significant partnerships and relationships that the Council is involved in;
- To have in place plans for dealing with risks that may occur following a major incident or significant service disruption, in terms of ensuring the development, maintenance, exercising and testing of comprehensive Council-wide and service based emergency resilience and business continuity plans;
- To contribute towards the effective corporate governance arrangements within the Council, including the embedment of risk management activities into the Councils processes and procedures, and the development and maintenance of the Councils Annual Governance Review;
- To contribute towards the sustainability of the Future Council by providing assurances to leaders that risks are being effectively managed and mitigated, that the Councils decision making processes remain transparent and risk-based, and that the Council remains 'safe';
- To support and enable partners and other groups to become more actively involved in the provision of services that may be delivered on behalf of the Council, by improving their capacity and competency to effectively manage risk; and,
- Supporting localised governance arrangements such as the Councils 'Area Councils' to ensure they are well governed and 'risk-enabled' in terms of their own decision making and activities.

**These Objectives will be support by:**

- The continued development and implementation of a risk management framework that facilitates the effective and efficient management of risk;
- The integration of risk management into the corporate business processes of the Council;
- The support and encouragement of risk management activity throughout the Council and the recognition of the roles and responsibilities of all stakeholders;
- The provision of practical guidance to assist in the development of core competencies and skills for all employees within the Council;
- The development and delivery of training and awareness schemes for all employees, Elected Members and other interested parties;
- The regular review of risk registers, including the escalation of risks that may fall outside of the agreed acceptance levels; and,
- The provision of timely and regular reports that provide assurances that significant risks relating to the achievement of corporate objectives are being appropriately managed.

Signed:

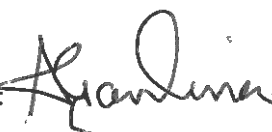


Date:

1<sup>st</sup> June 2015

Chief Executive  
Barnsley Metropolitan Borough Council

Signed:



Date:

2<sup>nd</sup> June 2015

Cabinet Spokesperson (Corporate Services)  
Barnsley Metropolitan Borough Council

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## **1. Forward**

The period 2014 and beyond represents a difficult and challenging time for Barnsley Metropolitan Borough Council.

Ongoing austerity measures, changes to the governance structures of the Council in light of Area Councils, and a significant transformational programme that seeks to deliver the 'Future Council' model and associated business units means there will be unprecedented uncertainties and threats to the ongoing delivery of high quality services by BMBC.

The effective management of risk will therefore play an important part in the overall management and delivery of this change programme. We cannot afford to simply drive forward in pursuit of our goals and vision without first proper understanding the threats, and opportunities that may be presented.

By applying risk management techniques, we will be able to better understand these threats and either make plans to mitigate them, or decide to accept the risk and adapt to it.

Risk management is an enabler to success and excellent performance. It should be no longer considered a barrier to change, or a way of justifying the status quo.

Effective risk management does not intend to eliminate risk, or foster risk aversion. It aims to provide a mechanism to identify, understand and be aware of the threats to our objectives.

I therefore commend the revised risk management strategy and associated framework to you.

*Frances Foster, CPFA  
Director Finance, Property and Information Services  
January 2015*

## **2. Introduction**

### **2.1 What is Risk?**

Risk can be defined as the threat that an event or action will adversely affect an organisations ability to achieve its own objectives.

A 'risk' is made up of an **event**, which if it manifests will have a **negative impact** on the Council's **objectives**.

Risk is considered in terms of the probability of an occurrence, together with the possible impact, usually expressed by the potential financial loss, and damage to reputation.

However, Risk should also be considered and thought of more positively in terms of the context of both missed opportunities, and opportunities that have not been maximised or properly exploited.

## 2.2 What is Risk Management?

Risk Management is the structure, process and culture that is employed to assist in maximising opportunity, whilst minimising any associated uncertainty.

Risk Management assists in the delivery of the Council's own agenda, including the three main corporate priorities for the Borough, as described in the Corporate Plan for Barnsley (2011 –2015), which are as follows:

- Growing the Economy;
- Improving peoples potential and achievement; and,
- Changing the relationship between the Council and the Community.

These are further underpinned by a priority regarding 'how' as an organisation we are going to ensure that we improve and change, which is broken down into three themes:

- Customers;
- People; and,
- Resources.

## 2.3 Why manage Risk?

Managing the risks that could influence the achievement of policy objectives is an essential part of the Council's corporate governance arrangements and internal control framework. This is recognised in the Accounts and Audit Regulations 2015, section 3, which requires Councils to have:

*'... effective arrangements for the management of risk.'*

- 2.2 The aim of the risk management policy and strategy is to manage risks that threaten the successful delivery of corporate objectives and, where possible, reduce these to an acceptable level. However, it is not the intention to be risk averse, and it is recognised that risks taken in pursuit of objectives will not always be capable of mitigation to the agreed, acceptable levels.
- 2.3 Considerable progress has been made throughout the Council in the last few years in the introduction of risk management policies and procedures which contribute to the development of a risk management culture. However, in light of unprecedented changes to Local Government in more recent years, it is envisaged that robust and embedded risk management systems are needed more than ever to facilitate and support change in terms of new models of service delivery, to assist in the identification of risks (and opportunities) therein, and to ultimately contribute to the provision of assurance regarding the Council's compliance, performance and overall robustness of its internal control and governance framework.
- 2.4 This strategy document sets out how a culture of risk management will be further developed in the next few years. The essential elements required to encourage the further development of a risk management culture are an agreed policy, process and framework which assists in the achievement of corporate objectives and priorities (incorporating linkages to service delivery / business unit plans, the future Council) without imposing undue regulation.
- 2.5 Risk management should be seen to be an essential enabler to the delivery of services, the achievement of objectives and the effective performance management of the Council.



### 3. Risk Management Policy

- 3.1 The policy sets out the overall vision and purpose of risk management within the Council, defines the objectives necessary to the successful delivery of that vision, and details how those objectives will be supported.
- 3.2 The policy is subject to regular review and any proposed amendments are then agreed and accepted by the senior management team (SMT) and Cabinet.

### 4. Risk Management Strategy

- 4.1 The purpose of the Strategy is to provide the components for delivering the policy and ensuring that risk management arrangements are maintained throughout the Council. The components of the strategy are:
- Roles and responsibilities;
  - Risk management process;
  - Risk review;
  - Risk acceptance;
  - Risk recording;
  - Guidance, training and facilitation;
  - Assurance;
  - Performance management; and,
  - A three year Strategic Plan.

These components are further detailed later in this document.

- 4.2 Whilst the principles and mechanics of risk management remain fairly constant, the environment in which the Council operates is changing fast. Where there is change, there is risk and it is therefore critical that across the Council, managers and Elected Members are clear about the risk management framework and its intended benefits to minimise the chance of something going wrong, or missing an opportunity.

### 5. Roles and responsibilities

- 5.1 In order to ensure that the Council's risk management arrangements are implemented and delivered successfully, it is essential that corporate and individual roles and responsibilities are clearly defined.
- 5.2 It is therefore important to ensure that everyone within the organisation understands how their responsibilities fit into the risk management framework. The following tables sets out a summary of the individual roles and responsibilities of Elected Members, specific officers, managers and employees. It also sets out the support available to discharge those responsibilities and how assurance on the overall effectiveness of the risk management framework is established:

The following roles are designed to assist in the **delivery** of effective Risk Management:

Role:	Outcome(s):
Elected Members	<i>Cabinet Spokesperson (Corporate Services) is the Risk Management Champion at Member level.</i> <ul style="list-style-type: none"><li>▪ To oversee the effective management of risk by officers; and,</li><li>▪ Be involved in the identification of high level, strategic risks.</li></ul>
Cabinet	<ul style="list-style-type: none"><li>▪ To approve the Risk Management Policy and Strategy;</li></ul>

Role:	Outcome(s):
	<ul style="list-style-type: none"> <li>To ensure risk is considered as part of the decision making process; and,</li> <li>Ownership of the Strategic Risk Register.</li> </ul>
Chief Executive	<ul style="list-style-type: none"> <li>To lead in the embedding of a Risk Management culture within the Authority; and,</li> <li>To endorse the Risk Management Policy Objective Statement.</li> </ul>
Senior Management Team	<p><i>Director Finance, Property and Information Services is the SMT Risk Champion for the delivery of the Risk Management Framework.</i></p> <ul style="list-style-type: none"> <li>To ensure that the organisation manages risk effectively; and,</li> <li>Approval of levels of risk appetite;</li> </ul>
Directorate Management Teams	<ul style="list-style-type: none"> <li>To ensure risks are managed in each service area, projects and relationships for which they are responsible.</li> </ul>
Service Managers / Project Managers / Partnership Lead Officers	<ul style="list-style-type: none"> <li>To manage risk effectively in their service area, project or relationship for which they are responsible; and,</li> <li>Adherence to relevant controls such as Prince 2 for project managers, and / or the Partnership Governance Framework for partnerships.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Be aware of and consider risks in the fulfilment of operational duties and contribute to service, division and Directorate Risk Management arrangements as appropriate.</li> </ul>

These roles are further **supported** by:

Role	Outcomes(s):
Risk Management Section	<ul style="list-style-type: none"> <li>To support the Council and its Services in the effective development, implementation and review of the Risk Management Framework; and,</li> <li>To manage the delivery of the Policy Objectives and monitor the progress towards the achievement of Risk Management Performance Indicators.</li> </ul>
Risk Champions	<ul style="list-style-type: none"> <li>To promote and facilitate Risk Management arrangements within their Directorate.</li> </ul>

All of the above roles are designed to provide **assurances** to:

Role:	Outcome(s):
Audit Committee	<ul style="list-style-type: none"> <li>To provide assurances to the Council on the adequacy and effectiveness of the Risk Management Framework and challenge, through the consideration of periodic reports, how the Risk Management Framework is being implemented, and its overall impact.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>To provide assurance to management on the effectiveness of Internal Controls, including the Risk Management Framework through an annual audit.</li> </ul>

- 5.3 In the event of any conflicting interests, the Service Director Financial Services will arbitrate and adjudicate between the conflicting parties in order to identify a suitable resolution for all parties.
- 5.4 The Roles and Responsibilities regarding the successful implementation and delivery of the Risk Management framework are also detailed in the Authority's Competency Framework.

## **6. Risk Management Process**

- 6.1 The Risk Management Process provides a systematic and effective method of managing risks at different levels within the Authority. The process requires every significant risk to be:
- Identified, described and owned / allocated to a named manager;
  - Assessed for likelihood and impact;
  - Mitigated; and,
  - Reviewed.
- 6.2 Risks are contained within a series of Risk Registers, at strategic, operational, partnership and project levels. Each register is reviewed on a regular basis and new and emerging risks are considered at that time.

## **7. Risk Review**

- 7.1 Each Risk Register is subject to a formal periodic review by register owners both in relation to current risks, and the consideration of new and emerging risks. Following each review, those risks falling outside of defined acceptance levels should be escalated and reported to management in accordance with the Risk Acceptance Model.
- 7.2 Operational Risk Registers are also subject to periodic detailed and facilitated reviews, or 'Challenges' undertaken by the Risk Management Section in conjunction with register owners. This process includes a review of the alignment of risks to Service Delivery Plan / business plan objectives, the consideration of generic risks, and the reporting and escalation arrangements for 'out of acceptance' risks.

## **8. Risk Acceptance**

- 8.1 It is recognised that at times, risks which exceed agreed acceptance levels will be accepted in the pursuit of an objective. Procedures are in place to ensure that these risks are appropriately recognised and reported. Equally, risks which fall within agreed acceptance levels can be reviewed to ascertain whether resources can be safely channelled to other areas that require further mitigation.
- 8.2 Risk Appetite is the overall level of exposure to risk which is deemed acceptable within the organisation. It is a series of boundaries, authorised by Senior Management in order to give clear guidance on acceptable limits of risk, whether a threat or opportunity. The Public Sector Internal Audit Standards (PSIAS) makes direct reference to the risk appetite of the organisation in the context of determining priorities for internal audit activity. This is also underpinned by the Institute of Risk Management's publication on Risk Appetite and Acceptance.
- 8.3 Risk Appetite is translated into Risk Acceptance levels, which are defined through the Category Score, allocated to each risk. Risks which fall outside of agreed Risk Acceptance levels are reported to Senior Management, using the Risk Acceptance Model.
- 8.4 All reports to Cabinet are required to provide details of any potential significant risks in proposed policy changes, Programmes or Projects. The report must include a specific section on Risk Management implications, where an articulation of the significant risks associated with the proposal, along with assurances that appropriate mitigations actions are (or will be) in place should be detailed. This activity will ensure that report authors are able to provide accurate and appropriate information on the management of risk.

## **9. Risk Recording**

- 9.1 The recording, control and monitoring of corporate risks is facilitated through the use of the Corporate Risk Management system, Morgan Kai Insight (MKI). Risks are recorded in a series of Risk Registers which incorporate specific information about individual risks, the existing controls in place, and action plans intended to further mitigate those risks.
- 9.2 The software system ensures a structured, comprehensive and consistent approach to the recording and categorising of risks across all Risk Registers. The benefits of this include the adoption of a common approach, the comparison of risk profiles across services and the development of an overall risk profile and Risk Appetite. It also provides the framework for the continuous monitoring and review of risks, and a common approach to the reporting of risks.
- 9.3 The MKI software is available to all Services and training on its use is provided by the Risk Management Section to nominated users. Training is complemented by a detailed BMBC produced User Manual to assist users in maximising the usage of MKI.
- 9.4 In certain circumstances some project and programme registers will be maintained outside of the corporate software system, MKI. A Project and Programme Risk Management Protocol has been written to provide guidance to assist in the harmonisation of Corporate Risk Management and Project and Programme Risk Management. Essentially:
- Risks to the successful delivery of the activity or outcomes are logged, managed and reported through the P2.net system; and,
  - Risks to the following the delivery of the activity or outcome that relate to the ongoing delivery of services are logged, managed and reported through the MKI system.
- 9.5 Similarly, some Partnership related risk registers are contained within other applications and systems, outside of MKI and the Authority's own Risk Management Framework. The provision of assurance is embedded within the Risk Management reporting arrangements, to ensure that the Authority is satisfied that relevant partnership and relationship risks are managed appropriately.
- 9.6 A stand alone Risk Register has been designed as part of the Schools Risk Management Framework, as it is not currently possible for Schools to access either MKI or P2.net.

## **10. Guidance, Training and Facilitation**

- 10.1 Comprehensive information contained within the Risk Management Framework can be found on the Risk Management Intranet site.
- 10.2 Periodic training for Elected Members and Managers is available from the Risk Management Section on all aspects of Risk Management. All forms of training and facilitation offered by the Risk Management Section are detailed in the Risk Management Training Strategy, which forms part of the Risk Management Framework.
- 10.3 Furthermore, a Risk Management awareness module is now included in the Authority's electronic learning resources, BOLD.

## **11. Assurance**

- 11.1 The provision of assurance that risks are understood and managed appropriately is an essential measure of the adequacy and effectiveness of the Authority's Risk Management Framework. This assurance is provided in the following ways.
- 11.2 The Risk Management Section ensures the presentation of an annual Risk Management report to the Audit Committee. This will be supplemented by further update reports throughout the year, and specific reports on the development of the Strategic Risk Register. Where possible, these reports are initially circulated to Risk Champions for comment, prior to being presented at Audit Committee.
- 11.3 Reports on the development of the Strategic Risk Register will also be presented to the Senior Management Team, Audit Committee and Cabinet.
- 11.4 An annual, independent review of the Risk Management arrangements is undertaken by the Authority's Internal Audit Section.
- 11.5 The Risk Management arrangements of each Service are subject to review as part of the process for the compilation of the Annual Governance Statement.

## 12. Performance Management

- 12.1 It is essential that the success of the Risk Management Strategy can be measured. The measurement of performance corporately is however difficult and somewhat subjective. Work is continuing to develop appropriate measures to manage risk management across the Authority. An initial indicative list of performance indicators (PIs) have been developed, and are attached as appendix one.
- 12.3 A number of proposed PIs make reference to the maintenance or improvement of scores relating to the ALARM / CIPFA Benchmarking exercise. The results of this exercise are described in terms of an overall percentage, which is then compared to national averages, as well as summarised in terms of overall maturity. It is proposed to focus on the overall maturity levels, rather than focus on the detailed percentage scores.
- 12.4 The PI relating to 'deviance from previous average risk category score' provides a snapshot of the overall risk category score for all risks logged in MKI. This is intended to provide assurances regarding the overall level of risk for the Authority regarding risks logged in MKI.

## 13. Strategic Plan

- 13.1 The consideration of longer term objectives for the RMS are detailed below:

Year	Activity	Comment
14/15	Implementation and embedment of Morgan Kai version 8 including the encouragement of risk owners and managers to participate in process	Version 9 implemented in March 2015
	Further integration and support to South Yorkshire Joint Secretariat arrangements, including the maintenance of external clients	Integration complete – RMS supporting SJYS function
	Resolution of conflicts between Morgan Kai Insight and other corporate systems and databases in current use	No specific conflicts identified
	Completion of Institute of Internal Auditors Certificate for Corporate Risk Management	Completed

Year	Activity	Comment
	Officer to contribute to the overall professionalism and development of the service	
	Development of Future Council Risk Management arrangements, including supporting the emerging Business Units and their own governance arrangements	Completed
15/16	Supporting and developing Risk Management arrangements for Business Units and Trading Services	Various workshops and business planning events programmed for 15/16
	Embedment of Future Council Risk Management arrangements	
	Developing and embedding the revised Annual Governance Review process and the production of the Future Councils Annual Governance Statement	Process developed and presented to SMT, BLT and Audit Committee
16/17	Review and refresh of Future Council Risk Management arrangements	
	Full review and refresh of Strategic Risk Register to reflect Future Council arrangements	
17/18	Consideration of risks and opportunities in terms of city regional devolution in terms of skills, employment, business support, transport and housing	

#### 14. Opportunity Management

- 14.1 The development of the Future Council model and the creation of a Local Authority trading company structure has provided the framework for the Authority to move towards a new approach to service delivery in terms of trading services or Business Units.
- 14.2 The creation of Business Units offers new opportunities for these trading services to potentially generate new income streams going forward from 2015/16 onwards, thereby securing their immediate future and providing viable and sustained employment for employees.
- 14.3 These opportunities must be carefully managed via robust and realistic Business Cases, and this is where, by applying risk management principles and techniques, the chances of lost or missed opportunities can be minimised, and the risks to the viability and overall success of the business units can be identified and addressed at an early course. Direct support has been provided to the Human Resources Trading Company, now based at the Barnsley Business and Innovation Centre (BBIC) and the Independent Living at Home Service (ILAHS).

#### 15. Risk Management Arrangements for Other Bodies

- 15.1 The Risk Management Section will seek to expand the service by exploring opportunities for market testing the services it offers where there is a clear benefit in terms of operational synergies, economies of scale, service continuity and employee development. Consideration will always be given to ensuring the continuity and quality of service to existing (internal) clients.

## 16. Advice and Guidance

16.1 Guidance documents relating to the matters detailed in the Risk Management Strategy are available on the Authority's Risk Management Intranet site. Further advice and guidance can be provided by the Risk Management Section. Contact details are as follows:

Name / Designation	Contact Details
Adrian Hunt – Risk and Governance Manager	<a href="mailto:adrianhunt@barnsley.gov.uk">adrianhunt@barnsley.gov.uk</a> 01226 77 3119

## 17. Appendices

17.1 Appendix One: Risk Management Performance Indicators 2015/16

## Appendix One: Risk Management Performance Indicators 2015/16

Indicator	Quarter One: 01/04/2014 - 30/06/2014	Quarter Two: 01/07/2014 - 30/09/2014	Quarter Three: 01/10/2014 - 31/12/2014	Quarter Four: 01/01/2015 - 31/03/2015
<b>Process:</b>				
% of Services <b>completing Operational Risk Register Review on time</b>	100%	100%	100%	87.5%
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Leadership and Management</b>	Assessed Level: '4: Embedded and Integrated' (Actual score 77: +0.6% deviance on national average)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Policy and Strategy</b>	Assessed Level: '5: Driving' (Actual Score 85: +6.9% deviance on national average)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>People</b>	Assessed Level: '5: Driving' (Actual Score 85: +8.7% deviance on national average)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Partnerships and Resources</b>	Assessed Level: '3: Working' (Actual Score 65: -5.1% deviance on national average)			
Maintenance / improvement of ALARM / CIPFA Benchmarking scores relating to <b>Processes</b>	Assessed Level: '4: Embedded and Integrated' (Actual Score 72: -5.5% deviance on national average)			
<b>Changes to Risk Profile:</b>				
Deviance from previous <b>Average Risk Category Score</b>	3.09	-	3.23	-
<b>Outcomes:</b>				
Maintenance / improvement of ALARM/CIPFA Benchmarking scores relating to <b>Risk Handling</b>	Assessed Level: '3: Working' (Actual Score 49: -21.3% deviance on national average)			
Maintenance / improvement of ALARM/CIPFA Benchmarking scores relating to <b>Outcomes and Delivery</b>	Assessed Level '3: Working' (Actual Score 50: -17.7% deviance on national average)			



Audit Committee – 20<sup>th</sup> April 2016

### THE COUNCIL'S REVISED MINIMUM REVENUE PROVISION (MRP) POLICY

#### 1. Purpose of Report

- 1.1 The purpose of this report is to provide the Audit Committee with a background note on the rationale behind the Council changing its MRP policy.

#### 2. Recommendations

- 2.1 **It is recommended that the Audit Committee notes the content of the attached Cabinet report in relation to the Council's revised MRP policy with effect from 2015/16.**

#### 3. Background & Statutory Context

- 3.1 The Authority set's its MRP policy on an annual basis which is set within a statutory framework.
- 3.2 Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require that a local authority "shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent". MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing (or credit arrangements), and is sometimes referred to as a provision for "debt repayment".

#### 4. Proposals and Justification

- 4.1 The Council's previous MRP policy used both annuity and equal instalment methods to repay debt.
- 4.2 The Council is seeking to revise its MRP policy to solely adopt the annuity method, only repaying debt over a standard 50 year repayment period, unless a more appropriate timescale is suitable. The proposed changes are justifiable on a prudent basis taking into account the following:-
- Adopting a single method (i.e. annuity) ensures that the Council adopts a consistent approach to the way it treats its debt going forward;
  - Adoption of the annuity method recognises the time value of money i.e. a £1 being worth more today than in 22 years time, whereas the equal instalment basis unduly penalises the current tax payer in comparison to the future tax payer. This is fundamental to the change in policy as it equitably spreads the true cost of capital across all generations of Council Tax payer;
  - Adopting a 50 years average repayment period for non-school assets is a reasonable and prudent average. This is in line with the methodology adopted by other authorities and which is supported by our professional valuers;

- Using a 60 year average life for school assets (as now) is equally prudent. Many of the Authority's schools are part of PFI/BSF programmes with the purpose of maintaining them in day 1 condition at the end of the 25 year programme; and
- The policy is affordable in 'cash' terms because the Council will free up a General Fund budget that currently supports the BSF programme. It is estimated that this will increase to £10M by the end of the 25 year programme (on a prudent estimate of future indexation which is required regardless to pay the contractor) and this will be used to offset the 'cash' increase in capital financing costs.

4.3 Cabinet has approved the proposed changes in full. These changes are considered to be consistent with the statutory duty on the Council to make prudent provision, having regard to the statutory guidance. They take into account the Council's strict and cautious approach to MRP to date as well as the Council's future financial circumstances.

4.4 Council officers have worked up detailed modelling to reflect the changes and these have been incorporated within the Authority's final accounts position for 2015/16.

**Contact Officers:** Executive Director – Finance, Assets and Information Services  
**Telephone:** 01226 77 3237  
**Date:** 8<sup>th</sup> April 2016

## **BARNSELY METROPOLITAN BOROUGH COUNCIL**

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

Report of the Director of Finance, Assets and Information Services

### **REVIEW OF POLICY FOR THE COUNCIL'S 2015/16 MINIMUM REVENUE PROVISION**

#### **1. Purpose of Report**

- 1.1 The Council must determine its Minimum Revenue Provision (MRP) policy on an annual basis. The purpose of the report is to propose a revised Minimum Revenue Provision Policy Statement for 2015/16.

#### **2. Recommendation**

- 2.1 **It is recommended that the Council revise the 2015/16 MRP policy in accordance with the proposals set out at Section 4 of this report and detailed at Appendix A;**
- 2.2 **It is also recommended that the Council review MRP on an annual basis to take account of the Council's changing requirements, particularly in relation to its financial position. The revised MRP policy has already been agreed by Cabinet for 2016/17 as part of approving the overall 2016/17 Treasury Management Strategy.**

#### **3. Background/ Introduction**

- 3.1 Minimum Revenue Provision (MRP) is a charge to the Council's revenue account to make a provision for the repayment of the Council's outstanding capital debt liabilities.
- 3.2 The Council is required by law to annually "determine for the current financial year an amount of minimum revenue provision which it considers to be prudent". The Secretary of State has issued statutory guidance ("the guidance") to guide local authorities in determining the "prudent" level of MRP. The guidance is not prescriptive: local authorities must have regard to the guidance, but must make their own judgement about what is prudent provision.
- 3.3 The MRP Statement must, by law, be approved by the Council. The statutory basis for MRP is provided in more detail at Appendix B.

## **4. Proposals**

- 4.1 The Council's current MRP policy was created in 2008 at the start of the new MRP system. In accordance with the guidance, there are four main options for calculating MRP:-

Option 1: Regulatory Method;  
Option 2: Capital Financing Requirement (CFR) Method;  
Option 3: Asset Life Method; and  
Option 4: Depreciation Method.

Barnsley MBC's existing MRP policy follows Option 1, the Regulatory Method for Government supported expenditure and Option 3, Asset Life Method, for non-government supported expenditure. However, these are by no means prescriptive - providing that the Authority has regard to the guidance and complies with the statutory duty to make prudent provision, it can use any of the above options.

- 4.2 The Council is facing significant budgetary reductions over the next few years and needs to ensure a stable and deliverable financial transition over this period. As such, Finance Officers have carried out a more fundamental review of its MRP policy to ensure it is appropriate in the context of its financial backdrop. Since 2008, there have only been relatively minor changes to the policy so this represents the first major review.
- 4.3 The review covers the 4 proposals outlined as follows:-

### Proposal 1: Cease the Regulatory Method

- 4.4 The "Regulatory Method" is one of the four MRP options exemplified in the Guidance (paragraph 7) and further described in DCLG's commentary (paragraphs 15 to 19). The guidance proposes that this method is relevant to providing for repayment of debt outstanding from before 1 April 2007 and that the borrowing supported by Government Revenue Support Grant be repaid over a period "reasonably commensurate with the period implicit in the determination of that grant". The Regulatory Method continues the arrangements set out in former Regulations, under which non-housing debt was repaid at 4% of the balance outstanding at each year and, after deducting an amount referred to as "Adjustment A" which was introduced by the Government at the start of the prudential system in 2004.
- 4.5 As the local government finance system has evolved, it has become increasingly difficult to relate the Revenue Support Grant received to any particular level of annual debt repayment. Since the business rates reform in 2013/14, there is no component of grant determining an implicit level of support for debt repayment. In addition, total grant is controlled to national totals which have been reduced substantially in recent years, irrespective of the level of "supported" borrowing outstanding. A review undertaken by SIGOMA calculates that, on the assumption that interest costs are fully funded within revenue grant, by 2015/16 the Government is only funding around 45% of the 4% MRP – i.e. implied grant support for MRP at 1.8% rather than 4%.

- 4.6 It is therefore proposed that it would be appropriate, affordable and reasonable that the Council's MRP policy will cease using the Regulatory Method and adopt Option 3 'Asset Life Method' based on repaying outstanding debt over a term of 50 years and on an annuity basis. This 50 year repayment period is considered a reasonable average assumption for the lives of the assets funded by this expenditure.
- 4.7 In the initial years, this element of the MRP charge is lower than the 4% reducing balance calculation, but it does, however, fully repay the remaining balance of pre-2007/08 debt, including Adjustment A, by the end of 50 years. A repayment term of 50 years is arguably significantly more prudent than a method which never pays off the whole debt.
- 4.8 Although the Council's proposed 50 year annuity method initially has a lower debt repayment than the 4% reducing balance method, it is better aligned to Government Grant arrangements, is reasonable in regard to the average lives of the assets involved, recognises the Council's financial transition pressures in the coming few years, and in the longer term is more consistent with the aims of the guidance. It is therefore considered that it would be appropriate, affordable and reasonable for the Council to move to such a provision for 2015/16 onwards.

***Recommendation: To use Option 3 'Asset Life Method' (see Proposal 2 below) rather than Option 1 'Regulatory Method' for previous government funded borrowing. It is recommended that this proposal is based on a 50 year term for all Government funded borrowing adopting the annuity method for calculating debt repayments.***

#### Proposal 2: Assessment of Asset Life Option

- 4.9 At present, the Authority has two options (Option 3 'Asset Life Method' and Option 4 'Depreciation Method') in regard to calculating MRP relating to capital expenditure funded through prudential borrowing i.e. not supported from the Government within the Capital Finance and Accounting Regulations.
- 4.10 The 'Asset Life' option is based on repayment akin to the useful life of the assets that the charge relates. This itself has two methods of calculation which are the 'Annuity Method' which applies an implicit interest rate to the debt outstanding over time resulting in a repayment 'curve' increasing over time and the 'Equal Instalment Method' which sets equal MRP charges across the life of the asset.
- 4.11 The 'Depreciation Method' matches the MRP charge to the economic consumption of the assets involved.
- 4.12 Currently, the Authority only uses the Asset Life method and predominately uses the equal instalment method to do so but does also utilise the annuity method for major schemes, for example, BSF and the purchase of Gateway.
- 4.13 It is proposed to revisit the asset lives that the MRP is calculated on, to bring them in line with the repayment periods discussed in proposal 1. The asset

lives proposed to be used on all non-school assets is a 50 year period, calculated on an annuity basis (see PFI below for school assets).

- 4.14 The Authority considers this prudent and recognises that the Authority's maintenance programme enhances the useful lives of such assets by maintaining them in a condition that ensures that the economic benefit derived from those assets lasts for longer. Moreover, the useful life for buildings and equipment is widespread and difficult to determine for each asset so a 50 year average for assets is a justifiable compromise and one which the Council's valuers support.
- 4.15 It is also proposed to exclusively calculate MRP on an annuity basis rather than an EIP basis. This will ensure a consistent approach as the Council currently uses both methods but in addition, the annuity method recognises the time value of money and therefore spreads the real cost over all generations of taxpayer. By contrast, EIP is a flat cost and as such penalises today's tax payer who in real terms, pays more for an asset than future generations.

***Recommendation: Apply a 50 year term to all non-school assets, unless a more appropriate period is identified and adopt the annuity method for calculating debt repayments.***

### Proposal 3: PFI Schemes

- 4.16 At present, MRP in relation to PFI schemes is charged in line with CIPFA's Accounting Code of Practice which adopts an implicit interest rate that is applied to the PFI debt to give a notional debt repayment charge each year, which forms part of the unitary charge. However, there is no requirement for MRP to match the contract term or the financing arrangements of such deals. That would be equivalent to saying that MRP in relation to conventional borrowing should be over the life of the PWLB loans taken rather than over the life of the assets. It is proposed to treat it consistently with the Council's general MRP policy. Currently all non PFI school assets are based on a 60 year repayment term and it is intended to apply a 60 years repayment period on an annuity basis, in line with Proposal 2 above. Moving to a 60 year repayment period results in significant changes in the MRP charge, predominantly due to the PFI contracts being on a significantly shorter period, at 25 years, than the proposed 60 year repayment period.
- 4.17 At present, there's a degree of inconsistency around the MRP applied to PFI funded and the Authority's Design and Build schools, which both sit under the same BSF project umbrella. The MRP charged on both the design and build contributions and the capital contributions made in respect of the PFI schools to reduce the unitary charge are currently based on 50 years. To ensure consistency as outlined at 4.16 above, it is intended to apply a 60 year repayment term to all PFI and non PFI school assets.
- 4.18 The MRP charged in respect of the liability embedded within the unitary charge payments are over the duration of 25 years i.e. the life of the PFI contract. This review will seek to bring the two methods together, based on the useful asset lives of the assets involved ie 60 years.

- 4.19 It should be noted that since the PFI arrangements were entered into, 8 of the 21 schools covered under the schools PFIs will have become academies as at 31 March 2015. Other authorities who have used this new proposed approach to MRP will have faced a similar situation in respect of academies. Furthermore, the assets (schools) concerned are of continuing economic benefit to the Borough even though they are no longer on the Council's balance sheet.

***Recommendation: Apply a 60 year term to all BSF/PFI and other school assets and adopt the annuity method for calculating debt repayments.***

#### Proposal 4: Review of MRP charged prior to 2015/16

- 4.20 The guidance also allows a review of previous MRP charged against the General Fund and allows restatement prospectively from that date, on the basis that it has been under or over provided in the past.
- 4.21 This backdated element (pre-2015/16) represents a significant sum as the early years' MRP provision is substantially more than the 2% proposed charge as result of this review. The view of the Authority is that the debt has already been written down under the current MRP provision and at this stage there are no plans to backdate its MRP policy for pre 2015/16 debt.
- 4.22 This is unlike some other authorities that have had audit agreement to create a retrospective useable reserve from the backdated change of its MRP policy (pre-2015/16). The Authority's proposal in terms of the backdated element again reflects the prudent nature of Barnsley's proposal but in order to keep the Council's options open, it is recommended that this proposal is kept under review in relation to future changes of its MRP policy.

***Recommendation: To only apply the revised MRP policy from 2015/16 onwards and not backdate it to apply to any pre-2015/16 MRP charges. This recommendation to be reviewed on an annual basis.***

### 5. Justification

- 5.1 The Council's current MRP policy uses both annuity and equal instalment methods to repay debt over a range of repayment periods. The Council is seeking to revise its MRP policy to solely adopt the annuity method, only repaying debt over a standard 50 year repayment period, unless a more appropriate timescale is suitable. The proposed changes can also be justified on a prudent basis taking into account the following:-
- Adopting a single method (i.e. annuity) ensures that the Council adopts a consistent approach to the way it treats its debt going forward;
  - Adoption of the annuity method recognises the time value of money i.e. a £1 being worth more today than in 22 years time, whereas the equal instalment basis unduly penalises the current tax payer in comparison to the future tax payer. This is fundamental to the change

in policy as it equitably spreads the true cost of capital across all generations of Council Tax payer;

- Adopting a 50 years average repayment period for non-school assets is a reasonable and prudent average. This is in line with the methodology adopted by other authorities and which is supported by our professional valuers;
- Using a 60 year average life for school assets (as now) is equally prudent. Many of the Authority's schools are part of PFI/BSF programmes with the purpose of maintaining them in day 1 condition at the end of the 25 year programme; and
- The policy is affordable in 'cash' terms because the Council will free up a General Fund budget that currently supports the BSF programme. It is estimated that this will increase to £10M by the end of the 25 year programme (on a prudent estimate of future indexation which is required regardless to pay the contractor) and this will be used to offset the 'cash' increase in capital financing costs.

5.2 The proposals above demonstrate that the policy is consistent, affordable over the longer term and ensures a more equitable spread of debt repayment costs across all generations of taxpayer. They take into account the Council's strict and cautious approach to MRP to date as well as the Council's future financial circumstances.

5.3 The Council will continue to periodically review its MRP policy to ensure that it consistently follows the above principles in the future. Following the approval of these proposals, more detailed work will be undertaken to review the proposed changes and their financial implications.

## **6. Consideration of Options**

6.1 The Council has the following options:-

- Do not change the existing policy;
- Do all four proposals including back dating;
- Do a selection (proposals 1-4) of the options outlined above;
- Adopt the recommended policy changes (proposals 1-3) as outlined at Appendix A.

6.2 It is recommended that the Council adopts the revised MRP policy as outlined at Appendix A (Proposals 1-3) for the reasons outlined at para 5.1 above.

## **7 Implications for Local People and Service Users**

7.1 None.

## **8. Financial Implications**

8.1 There are likely to be significant savings resulting from the implementation of the change to the Council's MRP policy. However this is a complex, technical area of work that will be reviewed over the next 6-8 weeks in order to produce a final



figure for the 2015/16 statement of accounts. It is intended to outline the final position within the final 2015/16 outturn report due to Cabinet in July.

- 8.2 It should be noted that the Council's external auditor has been consulted on the initial draft of these proposals and will continue to be consulted as the policy is firmed up. Auditor comments on other authorities undertaking similar review exercises have confirmed that it is a matter for the individual Council to determine what is prudent with consideration given to the statutory guidance provided.

**9. Employee Implications**

- 9.1 None

**10. Communications Implications**

- 10.1 None

**11. Consultations**

- 11.1 Consultation has been carried out with the Council's Treasury Management advisers, the Council's appointed external auditor and other local authorities.

**12. Tackling Health Inequalities**

- 12.1 None

**13. Climate Change and Sustainable Energy Act (2006)**

- 13.1 None

**14. Consideration of Risks**

- 14.1 None.

**15. Health and Safety Implications**

- 15.1 None

**16. Compatibility with the European Convention on Human Rights (ECHR)**

- 16.1 The contents of this report have no implications for compatibility with ECHR.

**17. Promoting Equality, Diversity and Inclusion**

- 17.1 None.

**18. Reduction of Crime and Disorder**

- 18.1 No impact.

**19. Conservation of Biodiversity**

19.1 No impact on biodiversity

**20. List of Appendices**

Appendix A – Revised MRP Policy

Appendix B – Statutory Requirement for MRP

**21. Details of Background Papers**

Officer Contact: Neil Copley

Tel. No.: 01226 773237

Date: 4 February 2016

## APPENDIX A

### REVISED 2015/16 MRP STATEMENT

The Council is required to make a prudent provision for debt redemption known as the Minimum Revenue Provision (MRP). Guidance on MRP has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

*NB This does not preclude other prudent methods.*

MRP in 2015/16: Options 1 and 2 may be used only for General Fund supported expenditure. Methods of making prudent provision for General Fund self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses). **There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.**

The MRP Statement is required to be submitted to Council before the start of the 2015/16 financial year for approval. Any revision of which must be submitted to Council for approval.

The Council is recommended to approve the following statement:

- **For capital expenditure incurred before 1<sup>st</sup> April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined in accordance with Option 3;**
- **For non-supported (prudentially borrowed) capital expenditure incurred after 1<sup>st</sup> April 2008, MRP will be determined in accordance with Option 3;**
- **MRP in respect of Private Finance Initiatives (PFI) brought on balance sheet under the International Financial Reporting Standard Code of Practice will be determined in accordance with Option 3;**
- **Within Option 3, MRP is permitted to be calculated in one of two ways – equal instalments or on an annuity basis. The Council has chosen to calculate MRP on an annuity basis;**
- **MRP will normally commence in the financial year following the one in which expenditure is incurred. However, MRP Guidance permits authorities to defer MRP until the financial year following the one in which the asset becomes operational. The Council has chosen to employ this “MRP holiday” on the significant qualifying projects such as the Building Schools for the Future programme.**

MRP in respect of leases brought on balance sheet under the International Financial Reporting Standard Code of Practice will match the annual principal repayment for the associated deferred liability. This approach will produce an MRP charge comparable to that under Option 3 in that it will run over the life of the lease term.

**STATUTORY BASIS OF MRP**

Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require that a local authority “shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent”. MRP is a charge to the revenue account in relation to capital expenditure financed from borrowing (or credit arrangements), and is sometimes referred to as a provision for “debt repayment”.

The Secretary of State has issued statutory guidance on determining the “prudent” level of MRP, to which authorities are required to have regard. The guidance states that:

*“the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant”*

This general aim does not stipulate a minimum amount of provision to be made in any particular year, providing that the debt is wholly repaid within the period in which the capital investment provides benefits, or which relates to the associated grant. Indeed, the guidance exemplifies four different annual repayment profiles and encourages authorities to consider their own repayment profiles.

A full explanation is provided in the DCLG Commentary which accompanies the guidance notes that there are four options for calculating MRP but these are by no means prescriptive, providing that the Authority has regard to the guidance and complies with the statutory duty to make prudent provision.

**2016/17 SERVICE & FINANCIAL PLANNING****RESERVES AND BALANCES UPDATE – JANUARY 2016****1. Purpose of Report**

- 1.1 To update the Council's reserves position as at January 2016.

**2. Recommendation**

- 2.1 Note the current position in relation to revenue reserves and capital balances, including a balance of £10m which is currently available to support Council wide investment priorities;
- 2.2 Approve the proposal to increase the Council's Minimum Working Balance from its current £10m to £15m as a contingency for unforeseen events; and
- 2.3 Note the intention to carry out a full review of all reserves and balances as part of an updated Medium Term Financial Strategy and report this back at a later date.

**3. Summary Position**

- 3.1 The latest position on *banked* reserves can be summarised as follows with a full breakdown attached as Appendix 1:

	<b>2015/16 £M</b>	<b>2016/17 £M</b>	<b>2017/18 £M</b>	<b>TOTAL £M</b>	
Unavailable – Statutory Items	68.5	-	-	<b>68.5</b>	* <sub>1</sub>
Unavailable - Investment Decisions	7.8	5.3	7.4	<b>20.5</b>	* <sub>1</sub>
Available Balances (reported via 15/16 Cabinet)	17.1	-2.0	-	<b>15.1</b>	* <sub>2</sub>

\*<sub>1</sub> – Taken from Statement of Accounts.

\*<sub>2</sub> – Includes £3.9m of unallocated reserves reported in the 2014/15 audited accounts and is prior to approval to increase Minimum Working Balance from £10m to £15m.

- 3.2 Total earmarked reserves (including investment decisions) total £89m (per the audited accounts). From this figure, the Council has set aside (earmarked) some £68.5m for statutory items such as the minimum working balance / school balances, funding to cover anticipated liabilities such as the Council's down-sizing / insurance costs as well as sums previously set aside to fund the Council's priorities such as the Town Centre Re-development.

- 3.3 In addition, investment decisions totalling £20.5m have also previously been agreed by Cabinet following approval of the Council's Reserves Strategy.
- 3.4 Over and above those reserves a further £15.1m of unallocated reserves (including £3.9m of unallocated reserves previously reported in the 2014/15 audited position) have been reported to Cabinet during the current financial year as part of standard budgetary procedures.
- 3.5 A full review of all earmarked reserves shown at Appendix 1 will take place as part of a refresh of the Council's Reserves Strategy which will form part of a fully updated 2017/18 – 2019/20 Medium Term Financial Strategy to be reported later in the year.
- 3.6 However, at this stage it is considered prudent financial stewardship to bolster the Authority's Minimum Working Balance (MWB) from its current level of £10m to £15m. A MWB of £15m would approximate to around 10% of the anticipated 16/17 net spend budget and is considered appropriate and proportionate to the risks faced by the Council over the medium term.
- 3.7 This would reduce the amount currently reported as available to support wider investment decisions to £10.1m.
- 3.8 Over and above the revenue position above, the capital position has also been reviewed. The previous Reserves Strategy had identified £24.2M of investment decisions requiring capital investment, resulting in an oversubscribed position of £3.4m. Subsequently, further unallocated capital receipts have been identified of around £3.2m (£1.9M from additional asset disposals with a further £1.3m from the Jobs and Business Growth Fund relating to investment no longer required) resulting in a minor over-subscribed position of around £0.2m.

## SECTION 9

### APPENDIX 1i

#### RESERVES & BALANCES – POSITION AS AT JANUARY 2016

<u>Unavailable – Statutory &amp; Other</u>	£m	£m
School Balances	4.394	
Town Centre Redevelopment	19.000	
Future Council Down-sizing Costs	1.533	
Future Council - Implementation	1.910	
Insurance Fund Reserve	4.810	
Pension Fund	0.500	
Jobs & Growth Plan (Phase 1)	0.680	
Building Schools for the Future	5.167	
Service Specific Earmarking (slippage per Cabinet report)	20.551	
		<b>58.545</b>
Minimum Working Balance		<b>10.000</b>
		<hr/>
<b>TOTAL – UNAVAILABLE (Statutory &amp; Other)</b>		<b>68.545</b>
		<hr/>

APPENDIX 1ii

RESERVES & BALANCES – POSITION AS AT JANUARY 2016

<u>Unavailable – Investment Decisions</u>	£m	£m
Future Council Budget Mitigation	9.000	
Jobs & Growth Plan (Phase 2)	2.200	
Academy Review / Legal Costs	1.000	
Pay Award (Additional Costs)	0.900	
Future Council Down-sizing Costs	6.000	
Placement & Sufficiency Strategy 15/16	0.500	
Moorland Plastics (Decommissioning)	0.878	
	<hr/>	
<b>TOTAL – UNAVAILABLE (Investment Decisions)</b>		<hr/> <b>20.478</b> <hr/>



APPENDIX 1iii

RESERVES & BALANCES – POSITION AS AT JANUARY 2016

<u>Available – Balances from 2015/16 Movements</u>	£m	£m
2014/15 Carry Forward (unallocated)	3.949	
New Homes Bonus	5.600	
Over Achievement of 15/16 Savings Target & Other Underspends	8.600	
Public Health Funding Cuts 15-17	<u>(3.000)</u>	
<b>TOTAL – AVAILABLE (Balances)</b>		<u><b>15.149</b></u>

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Audit Committee – 20<sup>th</sup> April 2016

### AUDITOR APPOINTMENTS BEYOND 1<sup>ST</sup> APRIL 2017

#### 1. Purpose of Report

- 1.1 The purpose of this report is to provide the Audit Committee with an update on the process for auditor appointments beyond 1<sup>st</sup> April 2017.

#### 2. Recommendations

##### 2.1 It is recommended that the Audit Committee:-

- (i) **Notes the content of the report and the intention of the Director of Finance, Assets and Information Services to submit an expression of interest to the Local Government Association to explore the possibility of participating in a sector led procurement exercise for the appointment of its auditor from 1<sup>st</sup> April 2018.**

#### 3. Background

- 3.1 The Local Audit and Accountability Act (2014) sets out the audit framework for local authorities.
- 3.2 As a result of this legislation and following the abolition of the Audit Commission at the end of March 2015 a number of responsibilities were transferred to other organisations. For example, the responsibility for preparing and issuing Codes of Audit Practice passed to the Comptroller and Auditor General.
- 3.3 The responsibility for overseeing audit contracts passed to an organisation called Public Sector Audit Appointments Limited (established by the Local Government Association). This was on an interim basis pending the expiry of current audit contracts on the 1st April 2017.

#### 4. Current Position

- 4.1 Following successful lobbying by the Local Government Association (LGA), the Secretary of State for Communities and Local Government decided to extend the transitional arrangements for principal local government bodies to 1 April 2018. Once the transitional audit arrangements come to an end, local public sector bodies will have the power to appoint their own auditors.
- 4.2 The LGA also successfully lobbied Government to change the Local Audit and Accountability Act (2014) to include provision for the establishment of a sector-led body to procure future audit contracts.

- 4.3 The LGA intends to support the appointment of PSAA as the sector-led body for local government. Their early analysis indicates that this would be far cheaper for councils than every council procuring their external auditor separately. It would avoid the need for hundreds of separate procurement exercises and also save the time and costs which would otherwise be required to establish an Independent Auditor Panel in each authority.
- 4.4 The LGA are seeking expressions of interest from individual councils in taking forward such an approach. The Council intends to submit an informal expression of interest to the LGA before the 30th April deadline. It should be noted that this expression of interest is not a legally binding commitment on the Council and that further updates will be provided to Audit Committee in due course.

## **5. Proposal**

### **5.1 The proposal is to submit an expression of interest to the LGA**

**Contact Officers:** Executive Director – Finance, Assets and Information Services  
**Telephone:** 01226 77 3237  
**Date:** 8<sup>th</sup> April 2016



**KPMG LLP**  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

Tel +44 (0) 113 231 3000  
Fax +44 (0) 113 231 3200

**Private & confidential**

Ms Diana Terris  
Chief Executive  
Barnsley Metropolitan Borough Council  
Westgate Plaza One  
Westgate Plaza  
Barnsley  
S70 2DR

Our ref II/609/SE

Contact Linda Wild  
0113 231 3512

06 April 2016

Dear Diana

**Annual audit fee 2016/17**

I am writing to confirm the audit work and fee that we propose for the 2016/17 financial year at Barnsley Metropolitan Borough Council. Our proposals are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and Public Sector Audit Appointments Ltd's (PSAA's) published work programme and fee scales.

***Planned audit fee***

The planned audit and certification fees for 2016/17 are shown below, along with a comparison to the prior year's fee. All fees are exclusive of VAT.

Audit area	Planned fee 2016/17	Planned fee 2015/16
Code of Audit Practice audit fee – Barnsley Metropolitan Borough Council	£135,998	£135,998
Certification of housing benefit grant claim	£22,118	£15,236
Total fees for the year	£158,116	£151,234

PSAA has set the 2016/17 scale fees for the Code of Audit Practice audit at the same level as for 2015/16, thereby preserving the 25 per cent reductions that were applied that year which in turn was in addition to the savings of up to 40 per cent in scale audit fees and certification fees in 2012/13. Certification fees for 2016/17 are set by PSAA on the basis of the final fees in 2014/15.

The planned fee is in line with the scale fee for both the audit and the certification elements of our work.

As we have not yet completed our audit for 2015/16 the audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

#### ***Redistribution of Audit Commission surplus***

Following completion of the Audit Commission's 2014/15 accounts, PSAA received a payment in respect of the Audit Commission's retained earnings. PSAA will distribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established by the PSAA Board.

This distribution will be made directly by PSAA and not via KPMG. Based on current information, PSAA anticipates that the amount of the redistribution is likely to be in the order of 15% of the scale fee.

#### ***Factors affecting audit work for 2016/17***

We plan and deliver our work to fulfil our responsibilities under the Code of Audit Practice (the Code) issued by the National Audit Office (NAO). Under the Code, we tailor our work to reflect local circumstances and our assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering any changes affecting our audit responsibilities or financial reporting standards.

CIPFA/LASAAC has confirmed that the 2016/17 *Code of Practice on Local Authority Accounting in the United Kingdom* will adopt the measurement requirements of the CIPFA *Code of Practice on Transport Infrastructure Assets* for highways network assets. This change will require additional work in 2016/17 but PSAA has indicated that it is not appropriate to increase the scale fees to cover the costs of this work because the amount of work required at individual authorities will vary based on local circumstances. The fees for this additional work will therefore be discussed and agreed with you in due course and will be subject to PSAA's normal fee variation process. PSAA expects that the additional fees for a highways authority will be in the range £5,000 to £10,000, where authorities are able to provide the information required and the auditor is able to rely on central assurance of the valuation models in use. This amounts are indicative and therefore costs outside of this range may be necessary.

Under the Code, we have a responsibility to consider an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources and to do this we will undertake appropriate value for money (VFM) audit work. The 2016/17 fees have been set on the basis that the NAO's Code and supporting guidance does not change the level of work required on the VFM audit. Should this not be the case, or if new or increased significant VFM audit risks arise



that require further audit work, additional fees will be necessary over and above the scale fee. Any such additional fees will be subject to approval through PSAA's fee variation process.

### *Certification work*

As well as our work under the Code, we will certify the 2016/17 claim for housing benefit subsidy to the Department for Work & Pensions.

There are no longer any other claims or returns that we are required to certify under the PSAA audit contract. Assurance arrangements for other schemes are a matter for the relevant grant-paying body, and may be the subject of separate fees and tri-partite arrangements between the grant-paying body, the audited body, and the auditor. In 2014/15 we provided assurance reports on two such schemes and we expect that these will also be required in 2015/16 and 2016/17.

### *Assumptions*

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued early next year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance, Property and Information Services and then prepare a report for the Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2. A statement of our independence is included at Appendix 3.

The proposed fee excludes any additional work we may agree to undertake at the request of Barnsley Metropolitan Borough Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

***Our team***

The key members of our audit team for the 2016/17 audit are:

Name	Role	Contact details
Clare Partridge	Director	clare.partridge@kpmg.co.uk 0113 231 3922
Linda Wild	Manager	linda.wild@kpmg.co.uk 0113 231 3512
Matthew Moore	Assistant Manager	matthew.moore@kpmg.co.uk 0113 231 3663

***Quality of service***

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact me and I will try to resolve your complaint. If you are dissatisfied with your response please contact the national contact partner for all of KPMG's work under our contract with PSAA, Andy Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to:

Public Sector Audit Appointments Limited  
3rd Floor  
Local Government House  
Smith Square  
London  
SW1P 3HZ

Yours sincerely



Clare Partridge  
Director, KPMG LLP

cc: Frances Foster (Director of Finance, Property and Information Services)  
Neil Copley (Service Director – Finance)



## **Appendix 1 – Audit fee assumptions**

In setting the fee, we have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2015/16;
- you will inform us of significant developments impacting on our audit work;
- internal audit meets the appropriate professional standards;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on local Authority Accounting within your 2016/17 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- additional work over and above that agreed for ongoing challenge work during 2015/16 will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by KPMG, PSAA, the NAO or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

## Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

<b>Planned output</b>	<b>Indicative date</b>
External audit plan	January 2017
Interim audit report (if required)	April 2017
Report to those charged with governance (ISA260 report)	September 2017
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2017
Opinion on Whole of Government Accounts return	September 2017
Annual audit letter	November 2017
Certification of grant claims and returns	January 2018

### Appendix 3 – Independence & objectivity requirements

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 *Integrity, Objectivity and Independence* requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Further to this auditors are required by the NAO's Code of Audit Practice to:

- Carry out their work with integrity, independence and objectivity;
- Be transparent and report publicly as required;
- Be professional and proportional in conducting work;
- Be mindful of the activities of inspectorates to prevent duplication;
- Take a constructive and positive approach to their work;
- Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.
- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.
- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.

- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

**Confirmation statement**

We confirm that as of March 2016 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



**BARNSELY MBC AUDIT COMMITTEE – INDICATIVE WORK PROGRAMME**

	Mtg. No.	8	1*	2*	3*	4	5	6	6	
Committee Work Area	Contact / Author	20.04.16	8.06.16	20.07.16	23.09.16	2.11.16	7.12.16	18.1.17	22.3.17	
<b>Committee Arrangements</b>										
Committee Work Programme	WW	X	X	X	X	WORKSHOP MEETING/TRAINING EVENT	X	X	X	
Minutes/Actions Arising	WW	X	X	X	X		X	X	X	
Review of Terms of Reference and Self Assessment	RW/CHAIR	X	X							
Training Review and Skills Assessment	RW/CHAIR	X	X							
Review of Terms of Reference & Working Arrangements	FF								X	
Draft Audit Committee Annual Report	RW/CHAIR	X								
Audit Committee Annual Report	RW/CHAIR		X							
<b>Internal Control and Governance Environment</b>										
Local Code of Corporate Governance	AF/AH									X
Annual Governance Review Process and Timescales	AF/AH									
Draft Annual Governance Statement & Action Plan	AF/AH			X						
Final Annual Governance Statement	AF/AH				X					
AGS Action Plan Update	AF/AH							X		
Corporate Whistleblowing Update & Annual Report	RW	X								
Annual Fraud Report	RW		X							
Fraud Management Update / SPD Review	RW							X		
RIPA Update Report	AF/GK	X			X					
Review of Ombudsman Complaints	AF							X		
<b>Corporate Risk Management</b>										
Risk Management Policy & Strategy	AH	X								
Risk Management Update	AH							X		
Annual Report	AH		X							
Strategic Risk Register Review Update on risk 3030 & business continuity for IT	AH FF/AH	X					X (from 2/11/16)	X		
<b>Internal Audit</b>										
Internal Audit Charter & Strategy	RW								X	

	Mtg. No.	8	1*	2*	3*	4	5	6	6
Committee Work Area	Contact / Author	20.04.16	8.06.16	20.07.16	23.09.16	2.11.16	7.12.16	18.1.17	22.3.17
Internal Audit Plan	RW								
Internal Audit Quarterly Report Benchmarking performance	RW	X	X	X			X (from 2 2/11/16)	X	
Annual Review of the Effectiveness of Internal Audit	RW		X						
Review of the Effectiveness of Int. Audit - Update	RW						X	X	
Internal Audit Annual Report	RW		X						
Corporate Fraud Team - Report	RW				X				X
<b>External Audit (KPMG)</b>									
Annual Governance Report (ISA260 Report)	KPMG				X				
Audit Plan	KPMG								X
Annual Fees Letter	KPMG		X						X
Annual Audit Letter	KPMG						X (from 2/11/16)		
Grants Letter	KPMG			X					
Claims & Returns Annual Report	KPMG							X	
External Audit Progress report & Technical Update	KPMG	X		X	X		X	X	X
<b>Financial Reporting and Accounts</b>									
Budget Proposal Section 25 Report	FF/NC								X
Draft Statement of Accounts Percentage of debt on year by year basis	FF/NC FF/NC	X		X					
Corporate Finance Summary	FF/NC				X				
Corporate Finance and Performance Management & Capital Programme Update	NC				X		X (from 2/11/16)		X
Treasury Management Annual Report	IR				X				
Treasury Mgt. Policy & Strategy Statement	IR								X

\* Meeting to be preceded by an Information Briefing/Training Session commencing at 3.00 pm